UNIVERSITY OF MANITOBA

ANNUAL FINANCIAL REPORT 2006

2007-04531/

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(Additional information is available at www.umanitoba.ca/admin/financial)

MISSION STATEMENT

"The mission of the University of Manitoba is to create, preserve and communicate knowledge, and thereby, contribute to the cultural, social and economic well-being of the people of Manitoba, Canada and the world". The University of Manitoba's strategic academic plan, "*Building for a Bright Future*", sets out five institutional priorities for success which were developed to meet the mission and to realize the University's vision:

"*To affirm the position of the University of Manitoba among the best of Canada's research-intensive institutions and to lead our nation in demonstrating a commitment to the education of a broad sector of society.*"

The five institutional priorities are as follows:

- Provide Access to an Exceptional Education;
- Attract and Retain the Best Faculty and Students;
- Be a Centre for Research and Graduate Education that Makes a Difference to our Province, our Nation and our World;
- Provide the Human, Physical and Technological Infrastructure Necessary for Learning; and
- Be at the Centre of our Community: On Manitoba.

REPORT OF THE BOARD OF GOVERNORS

To the Minister of Advanced Education and Training, Winnipeg, Manitoba

In Compliance with Section 22(1) of The University of Manitoba Act, the Annual Report on the financial affairs of the University for the year ended March 31, 2006 is herewith submitted to the Minister of Advanced Education and Training. In this report, we set forth in detail –

(a) the receipts and expenditures for the next preceding fiscal year,
(b) the investments as they stood at the end of the year, and
(c) other particulars which may be of interest to the Minister of Advanced Education and Training.

Included with this Report are the Financial Report of the Vice-President (Administration), the Statement of Management Responsibility for Financial Reporting and the Report of the Auditor General of the Province of Manitoba on the audit of the accounts of the University.

Receipts and Expenditures:
Summary of General Operating Fund Results
(in thousands of dollars)

	Year Ended March 31	
	2006	**2005**
Revenues and Other Additions	**$ 380,770**	**$ 362,033**
Expenditures and Other Deductions	**355,426**	**340,386**
Net Revenue	**25,344**	**21,647**
Appropriated To Specific Provisions	**(6,351)**	**(3,628)**
Inter-Fund Transfers	**(18,697)**	**(17,966)**
Net Increase To Fund Balances	**$ 296**	**$ 53**

Additions exceeded deductions by $25,344,000 for the current fiscal year. Net appropriations of $6,351,000 were made to specific provisions and an amount of $18,697,000 was transferred to other funds. The resulting net surplus of $296,000 has been added to the general operating balance in the General Operating Fund, increasing it to a balance of $2,149,000 as at March 31, 2006.

Investments:
Investment holdings at March 31, 2006 were as follows (at fair value):
(in thousands of dollars)

Canadian Bonds and Other Fixed Income	**$ 94,229**
Canadian Equities	**97,854**
U.S. Equities	**57,447**
International Equities	**60,015**
Other Short Term Investments	**156,787**
	$ 466,332

Details of the above summaries will be found in the Consolidated Financial Statements of the University which follow.

REPORT OF THE BOARD OF GOVERNORS

Members of the Board of Governors:

At March 31, 2006 the members of the Board of Governors were as follows:

Chair

Wayne R. Anderson, B.S.A., M.B.A.

Vice-Chair

Terry Sargeant, B.A., LL.B.

Chancellor

William Norrie, C.M., O.M., Q.C., B.A., LL.B., LL.D. (Manitoba), LL.D. (Winnipeg)

President and Vice-Chancellor

Emöke J.E. Szathmáry, C.M., B.A. (Hons.), Ph.D., LL.D. (Toronto), D.Sc. (Western Ontario), D.Litt.S. (St. Michael's College), F.R.S.C.

Appointed by the Lieutenant-Governor-in-Council:

Alfred Black, B.Math., M.Math.
Johanna Charles, B.A., B.Sc.
Ellen Gordon, B.A., M.S.W.
Steven Hennessey, B.Sc.
Heather Milan, B.Sc.
Soam Narine, B.A., A.C.M.I.
Strini Reddy, O.M., B.A., B.Ed., M.Ed.
Terry Sargeant, B.A., LL.B.
Jennifer Simons, B.A.
Thomas Strutt, B.A. (Hons.), M.A., LL.B.
Daniel Vandal, B.S.W.
Shirley Van Schie, B.A. (Adv.), M.A., LL.B.

Elected by Senate

Juliette E. Cooper, Dip. P. and O.T., B.O.T., M.Sc., Ph.D.
Janet Hoskins, B.E.S., M.Sc., Ph.D.
Doug Ruth, B.Sc., M.Sc., Ph.D.

Elected by Graduates

Wayne R. Anderson, B.S.A., M.B.A.
Ian C.P. Smith, B.Sc. (Hons.), M.Sc., Ph.D., Fil. Doktor (H.C.) (Stockholm), D.Sc. (H.C.) (Winnipeg), D.Sc. (H.C.) (Brandon)
Doug Ward, Q.C., B.A., LL.B.

Elected by the University of Manitoba Students Union

Amanda Aziz
Cathy Van De Kerckhove, B.Sc., B.A.
David Ames, B.Sc.

University Secretary

Jeffrey M. Leclerc, B.Ed.

Respectfully submitted,
The Board of Governors,
The University of Manitoba.

Wayne R. Anderson,
Chair.

FINANCIAL REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

The 2005-2006 fiscal year began with major budgetary challenges with a shortfall of $6.9 million of permanent funding in support of the April 1, 2005 budget. To address the shortfall and provide a balanced budget, the Board of Governors approved three new ancillary fees at its meeting on May 17, 2005. The fees were subsequently suspended however, when the Provincial government provided $6.9 million in one-time funding for fiscal year 2005-2006. However, as ongoing commitments to faculty, staff, technology and the physical plant exist, this was clearly only a temporary fix.

Under the leadership of Dr. Emőke Szathmáry, the University of Manitoba has strived to realize its vision of excellence and innovation in teaching, research and community service. Although faculties, schools, the libraries and administrative units have risen to their budgetary challenges in the past, excellence can only be achieved if resources are made available to fund new strategic initiatives. Maintaining the status quo will only produce mediocre results over the long term. The University community has, nonetheless, been very proactive in its quest for excellence, developing strategic plans and looking for other opportunities to fund important initiatives.

Over the past year, *Building for a Bright Future*, the University's strategic academic plan, continued to move the University forward to "*Affirm the University of Manitoba among the best of Canada's research intensive institutions and to lead our nation in demonstrating a commitment to the education of a broad sector of society*". While the University of Manitoba has made considerable progress, many exciting initiatives remain unfunded. This puts the University of Manitoba at a disadvantage as compared to other universities across the country. Although we appreciate that the Province has made an effort to respond to our budgetary needs through operating grant increases, the continued freeze on tuition fees at 1999-2000 levels has prevented the University from funding strategic initiatives while at the same time achieving a balanced budget.

To meet the challenges of increased costs of operating and accommodating record high numbers of students - both in terms of delivery of services and in space, technology and infrastructure, the University has been very creative and has taken advantage of other opportunities to improve its service delivery and facilities to attract and retain quality students and staff. These challenges are being met through the strategic resource allocation process each year, through the creation of a strategic initiatives fund, private fund raising and through the issuance of debt to support new building construction and to fund deferred maintenance and health and safety projects.

The following provides an overview of the financial results of the University for the fiscal year ended March 31, 2006. In doing so I share the University community's success in moving the University forward in achieving its vision over the past fiscal year.

Investing in Manitoba's Future

For fiscal year 2005-2006, total University revenue in all of its Funds (unrestricted and restricted) was $583.5 million, an increase of 3.9% over 2004-2005 revenue of $561.7 million. Approximately $257.6 million or 44.1% of the University's total revenue comes from the Province of Manitoba through the Council on Post-Secondary Education ("COPSE"), Manitoba Health, Agriculture and various provincial councils and funds in support of teaching, innovation, capital and research. In addition, in fiscal 2005-2006 the University began expending the $75 million in debt proceeds received from the Province in fiscal year 2004-2005 on new building construction, deferred maintenance, technology and health and safety projects. The Province further demonstrated its commitment to the University of Manitoba by agreeing to further borrowings from the Province of $75 million on April 3, 2006. This will bring the total Provincial debt up to $150 million in 2006-2007. Both debt issues were structured as amortizing loans, with principal and interest paid monthly over a 30 year period. In 2005-2006, debt proceeds were used to bridge finance new capital building projects such as the Engineering and Information Technology Complex and the Richardson Centre for Functional Foods and Nutraceuticals, to build a new parkade on the Bannatyne Campus, for technology improvements to bring building cabling and classrooms up to date and to begin to address long standing deferred maintenance and health and safety issues on the aging Fort Garry and Bannatyne campuses.

Students, through their tuition and incidental fees, also provide a major source of revenue in support of the University's operation, with $96.5 million being assessed and collected in 2005-2006, an increase of 9.5% over 2004-2005 fees of $88.1 million. Fees represent about 16.5% of total revenues. In 2005-2006 a technology fee was implemented which will be used to support technology initiatives on the Fort Garry and Bannatyne campuses. These fees totalled $3.6 million in 2005-2006 and have been set aside in a Specific Trust for expenditure in 2006-2007. The remaining increase in tuition fee revenues is attributable to a full-time equivalent enrollment increase of about 2.2% in undergraduate and graduate programs over 2004-2005 and to increased differential fee revenues. In 2005-2006 foreign students enrolled in graduate programs were assessed a differential fee of 100% of the fee paid by a domestic student, generating an additional $1.1 million in fee revenue.

The Government of Canada is also a major supporter of the University of Manitoba. In 2005-2006, contributions of $69.3 million, or 11.9% of total revenues were received, relating to specific research projects awarded through the federal granting councils ($52.9 million), special project funding of $3.2 million for programs such as the Northern Medical Unit, major capital projects and awards under the Canada Foundation for Innovation and Western Economic Diversification programs ($6 million), the Indirect Costs of Research program ($6.9 million) and other smaller programs such as Careerstart ($.3 million).

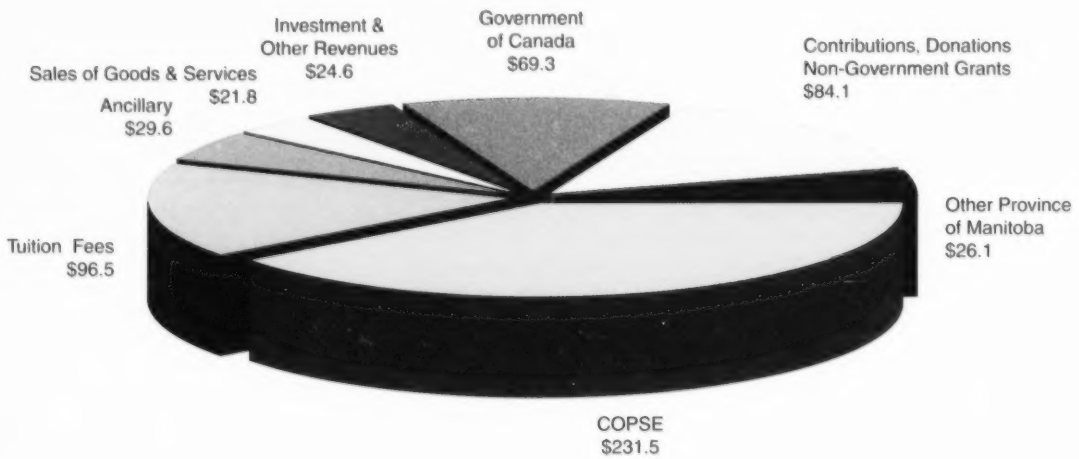
The University of Manitoba also received $84.1 million in contributions, donations and grants in support of research, special projects and initiatives, capital, chairs, scholarships, bursaries and staff benefits in 2005-2006 from our generous individual and corporate donors, contributors and employees. This represents 14.4% of total revenue. Most all of this revenue is restricted for various purposes by the donor, contributor or employee (as is the case for employee contributions to staff benefits plans) and as such cannot be used to support the general operation of the University.

The University's Ancillary Services, which are comprised of the Book Store, Residences, Parking and Pharmacy generated $29.6 million or 5.1% of total revenue in 2005-2006. Ancillary Services are completely self-sustaining and contribute to the University's operation by covering their share of overhead in addition to their direct costs, as well as the capital costs of refurbishing Ancillary facilities, acquiring equipment and building and upgrading parking lots. They also support non-revenue generating units such as Security Services.

The sale of various goods and services generated $21.8 million in 2005-2006 or 3.7% of total revenues for many faculties and schools, supplementing the resources that are available to them for operating purposes while at the same time providing valuable linkages to the community. In addition, investment income and other miscellaneous revenue of $24.6 million or 4.2% of total revenues were generated from the investment of general, capital, staff benefits and trust and endowment cash on hand.

The pie chart in **Table 1, Total Revenue - All Funds** is a pictorial representation of the revenues of the University by these various sources.

Table 1
Total Revenue - All Funds ($583.5M)
(General Operating $380.8M; Restricted $187.7M; Endowment $15.0M)
2005-2006


Investment & Other Revenues $24.6
Government of Canada $69.3
Contributions, Donations Non-Government Grants $84.1
Sales of Goods & Services $21.8
Ancillary $29.6
Other Province of Manitoba $26.1
Tuition Fees $96.5
COPSE $231.5

University Operating Results

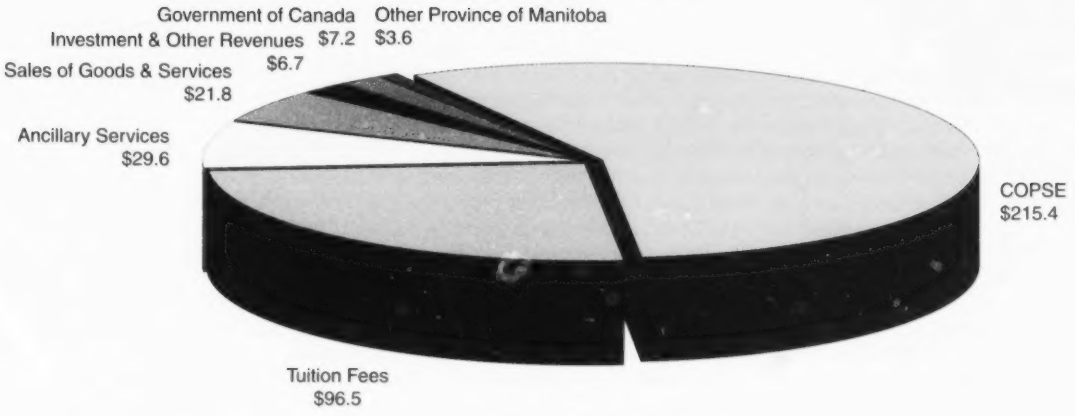
The operating results of the University of Manitoba for fiscal year 2005-2006, shown on a comparative basis with 2004-2005, are summarized in **Table 2, General Operations**, together with the April 1, 2005 Board of Governors approved operating budget. Operating revenues are shown by source, and expenses by function and type, to provide an overview on how the University spends its resources in the General Operating Fund. The University has historically been very successful at achieving a balanced budget at the end of each fiscal year. This is due to a strong commitment on the part of the University's administration to fiscal responsibility and financial stability as well as a strong commitment by faculties, schools, libraries and support units who share in that responsibility. This is achieved in a decentralized system of budgetary control whereby academic and support units are allocated resources on an annual basis to meet their strategic priorities and those of the University. These operating units are provided with procedures to administer their budgets responsibly and to ensure that there is accountability for the resources that are transferred to them.

Table 2
General Operations
Summary Statement
(in thousands of dollars)

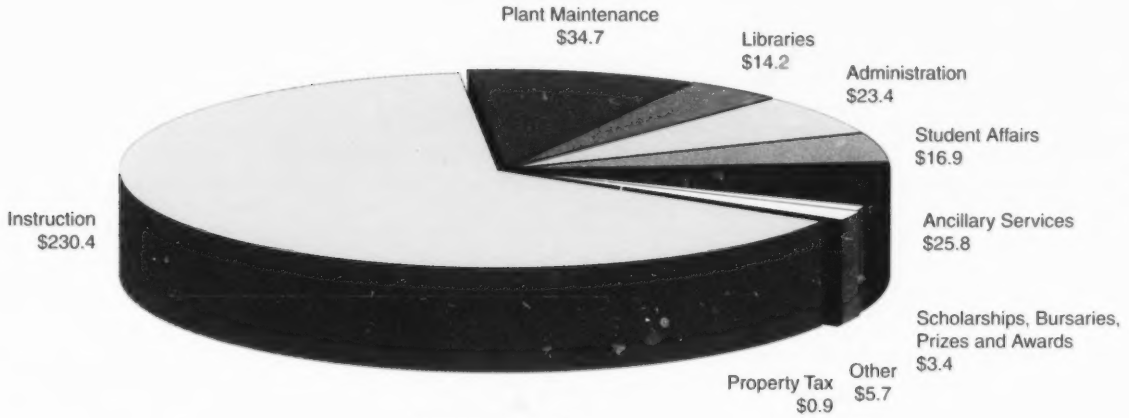
	April 1, 2005 Budget	March 31, 2006 Actual	March 31, 2005 Actual
Revenue:			
COPSE	$ 215,442	$ 215,393	$ 210,416
Tuition Fees	96,038	96,462	88,120
Ancillary Services	28,126	29,566	29,021
Sales of Goods & Services	18,965	21,790	20,367
Investment & Other Revenues	2,682	6,749	4,329
Government of Canada	2,216	7,184	6,969
Other Province of Manitoba	6,505	3,626	2,811
	369,974	380,770	362,033
Expense by Function:			
Instruction	205,435	230,389	219,535
Central Reserves *	31,557		
Plant Maintenance	35,696	34,679	32,260
Ancillary Services	28,059	25,814	24,928
Libraries	20,153	14,206	13,506
Administration	18,646	23,376	20,950
Student Affairs	15,902	16,908	15,871
Scholarships, Bursaries, Prizes and Awards	3,775	3,444	2,505
Property Tax	3,100	868	5,277
Other	6,198	5,742	5,554
	368,521	355,426	340,386
Net Revenue	1,453	25,344	21,647
Net Transfer to Other Funds	(1,453)	(25,048)	(21,594)
Net Increase to Fund Balance	$ 0	$ 296	$ 53
Expense by Type:			
Academic & Other Instructional Salaries	$ 129,507	$ 138,249	$ 130,812
Support Staff Salaries	88,620	94,196	88,307
Supplies and Expenses	77,450	47,921	45,887
Staff Benefits	30,441	35,262	33,574
Utilities	16,250	14,832	13,950
Ancillaries Cost of Goods Sold	14,685	15,637	15,349
Scholarships, Bursaries, Prizes and Awards	3,775	3,444	2,505
Property Tax	3,100	868	5,277
Payroll Tax Levy	4,693	5,017	4,725
	$ 368,521	$ 355,426	$ 340,386

* Represents funds budgeted for distribution to unit budgets during the year for salary and contract increases and other centrally funded initiatives.

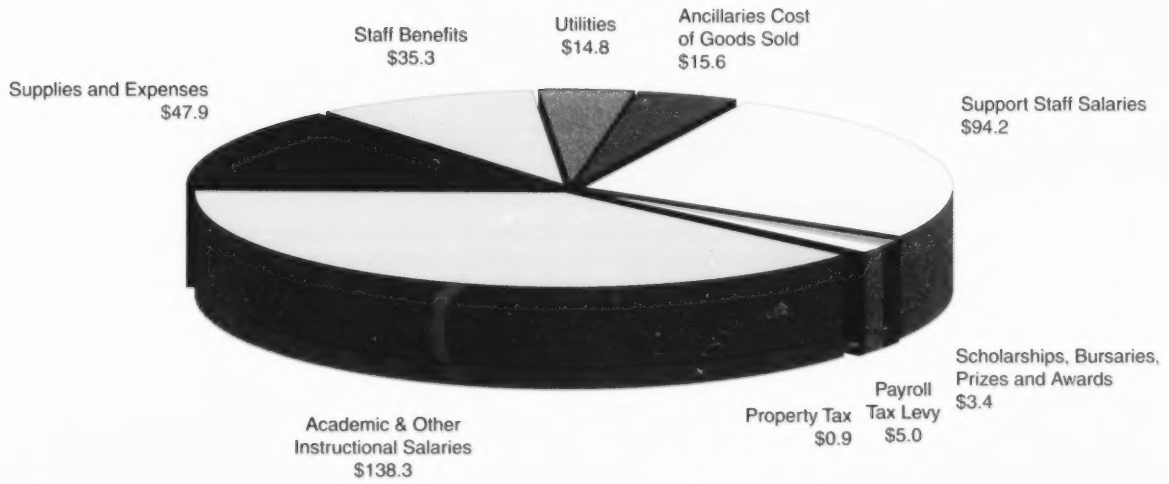
General Operating Fund
Revenue by Source
2005-2006
(Total $380.8M)


Government of Canada $7.2
Other Province of Manitoba $3.6
Investment & Other Revenues $6.7
Sales of Goods & Services $21.8
Ancillary Services $29.6
COPSE $215.4
Tuition Fees $96.5

Expense by Function
2005-2006
(Total $355.4M)



Expense by Type
2005-2006
(Total $355.4M)


Staff Benefits $35.3
Utilities $14.8
Ancillaries Cost of Goods Sold $15.6
Supplies and Expenses $47.9
Support Staff Salaries $94.2
Scholarships, Bursaries, Prizes and Awards $3.4
Payroll Tax Levy $5.0
Property Tax $0.9
Academic & Other Instructional Salaries $138.3

The current fiscal year is no exception with a general operating surplus of $296,000 after net transfers of $25 million to other funds. The most significant of these are transfers to the capital fund of $23.7 million for the acquisition of furniture and equipment, computers, library acquisitions and vehicles and for the renovation of various facilities. The use of operating funds to support the acquisition of minor capital is consistent with practices in prior years as funding is generally not available from other sources. Because the University uses fund accounting to account for its revenues and expenses there are, however, many transfers between funds which are detailed in the notes to the accompanying financial statements.

General operating expenses increased by $15.0 million or 4.4% in fiscal 2005-2006 over 2004-2005. In the review of operating expenses by function, about $10.9 million of the increased expense is attributable to the instruction of students, $.9 million to student scholarships and bursaries, $2.4 million to plant maintenance, $2.4 million to administration (which includes support units such as Financial Services, Human Resources, Development and Advancement Services), $.7 million to Libraries, $1.0 million to student services and $.9 million to ancillary services. These increases are offset by a $4.4 million decrease in property taxes as the phase out of these taxes by the Province was completed. In the review of expenses by expense type, virtually all of the $15.0 million increase can be attributed to increases in salary, benefits and payroll tax costs, resulting from salary increases and increased staff numbers in 2005-2006. Details on operating expenses, by unit, are included in Schedule 7 of the Annual Financial Report.

The University of Manitoba's most valuable resource is its faculty and staff who bring their knowledge, expertise and commitment to the table, working in a collegial fashion to achieve the University's goals. In 2005-2006, about 77% of the current year's operating expenses were spent on salaries and related costs and the University employed 3,584 full time equivalent ("FTE") staff on a year round basis. Of this number 1,613 were faculty and 1,971 were administrative staff. This represents a net increase in faculty and staff of 46.2 FTE positions over 2004-2005. Ancillary Services employed a further 126 FTE staff, a decrease of 3 FTE over 2004-2005, making the University one of the largest employers in Manitoba. **Table 3, Historical Comparisons of Faculty and Staff Positions** (excluding the Ancillary Services) depicts changes in staffing levels since 1986.

Table 3
Historical Comparisons of Academic and Support Staff Positions
University of Manitoba 1986-2005

1. The above represents full time equivalent operating budget positions and excludes Ancillary Services.
2. Support staff are defined as non teaching positions in the Faculties, Schools & Colleges as well as Financial Services, Human Resources, Information Services & Technology, Physical Plant, Student Services, University Services, the Office of the President and Academic Librarians.

People are the driving force in the overall success of the University of Manitoba and the growth in positions to match growing student numbers is evidence of the University's commitment to provide students with the exceptional education that they expect and deserve. The student experience in the classroom and the research laboratories is paramount to their future success. Attracting and retaining the best faculty and staff is challenging in a University environment as universities world-wide compete for the best by offering attractive compensation packages, state-of-the-art facilities in which to teach and perform research and state-of-the-art equipment in the classrooms and laboratories.

Faculty achievements in 2005-2006 throughout the University community were many and varied and are too numerous to detail in this report. They range from faculty members participating in a research project to prove that travel to and research on Mars is possible to the development of vaccines that are 100% effective in protecting monkeys against

infections caused by Ebola and Marburg viruses. Teaching excellence awards were received by many faculty across the University and Dr. Emőke Szathmáry, President and Vice-Chancellor and Dr. John Loxley, Department of Economics were each elected as a Fellow of the Royal Society of Canada.

The University has continued to experience some further growth in student enrolment for the eighth consecutive year with undergraduate and graduate enrolments climbing to an all time record high of 25,983 FTE students, representing an overall growth in students of 2.2% over 2004-2005. Most all of the undergraduate increase is the result of higher intakes of international students as opposed to domestic students. International student enrolments increased to 2,661 students, which is almost triple the number from the 2001-2002 fiscal year and represents an increase of about 15.5% over 2004-2005. Although this growth translated into increased fee revenues which are an important source of funding for the University's operation, the costs of educating international and domestic students continues to rise. In the absence of fee increases for domestic students to support the operation of the University, the quality of the student experience in the classroom will suffer.

The key to a successful research program at any medical doctoral university is the ability to attract and retain quality graduate students. These students typically align themselves with academic staff who are conducting research in their area of interest, allowing for an inter-generational passing of knowledge as well as a strengthening of the knowledge base which is being created. Since 2001-2002, the number of graduate students at the University of Manitoba has increased by about 23.7%.

Table 4, Selected Statistics provides information on undergraduate and graduate student enrolments by session, self-declared Aboriginal students by faculty/school as well as undergraduate student financial credit hours by session, degrees, diplomas and certificates conferred on our graduates, the general operating grant, the grant in lieu of the tuition fee rebate, tuition fee income and scholarships and bursaries paid in each of the past five years.

A Growing Trust and Endowment

Development and Advancement Services has continued to fund raise in support of the University's strategic institutional priorities. In 2005-2006 the University's generous donors made pledges and gifts totaling $23.4 million. The pie charts in **Table 5 and 5.1, Donor Pledges 2005-2006** provides a summary of the pledges received by type of donor and the purpose for which the donor made the gift. The continued success of the University of Manitoba's fund raising campaign is overwhelming evidence of the support for the University of Manitoba among its staff, students, alumni, the community and the Province. Gifts in support of student bursaries and scholarships topped the list with $7.2 million being raised, followed by faculty, school and college support at $6.2 million and capital project and equipment funding of $5.1 million. A very generous gift was made by Kristjan and Maryanne Thorkelson in the amount of $500,000 in support of the construction of the Apotex Centre, a new building which will house the Faculty of Pharmacy at the Bannatyne Campus.

In total, the University of Manitoba's trust and endowment funds have grown to $303.2 million at March 31, 2006. This growth is attributable to the generosity of donors, a prudent spending policy and an active Trust Investment Committee which sets asset allocation guidelines, hires professional investment managers and monitors performance to ensure that long term investment and fund objectives are being achieved. Four of the eleven members of the Committee are from the external community, bringing expertise from various backgrounds, and two of the four are seasoned investment professionals. Over the past year, the Committee has been very active, rigorously reviewing the asset allocation in the University Investment Trust ("UIT"), taking into consideration risk and projected returns on various asset classes that are available for investment. The University of Manitoba takes seriously its responsibility to donors to preserve the capital of its endowments for future generations, yet provide reasonable spending allocations annually in support of existing beneficiary units and students.

In 2005-2006, spending allocations based on 4.5% of the three year average market value of the UIT units were made available to beneficiary units for various purposes and to students for scholarships, bursaries and awards, as stipulated by the original donor. In addition, unspent allocations from prior years were made available for spending and used to support various faculty initiatives as well as students. This translated into spending allocations of $11.5 million, of which $9.8 million was spent throughout the fiscal year.

Access to education is facilitated with a strong scholarship, bursary and loan program so that students requiring financial assistance for their education have access to sources of funding for their tuition and living expenses. In this regard, students directly benefit from the success of fund raising; as of March 31, 2006, the market value of trust and endowments that are earmarked for scholarships, bursaries and loans was approximately $98.8 million. Endowments for student support will continue to build, providing sustained sources of funding for increased scholarships and bursaries. Donor pledges of $1.56 million will be received in future years and will continue to grow these student endowments. In 2005-2006 scholarships and bursaries totaling $12.1 million (2004-2005, $10.4 million) were paid to students to help defray the cost of their education.

Table 4
Selected Statistics

	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Regular Session Enrolment					
Total Students[1,2]	28,049	27,631	26,572	24,981	23,618
•Undergraduate students	24,267	23,935	23,032	21,724	20,534
% Annual Change	1.4	3.9	6.0	5.8	8.1
Full-Time	17,904	17,633	16,885	15,879	15,376
Part-Time	6,363	6,302	6,147	5,845	5,158
•Graduate students	3,332	3,260	3,112	2,852	2,693
% Annual Change	2.2	4.8	9.1	5.9	3.9
Full-Time	2,352	2,335	2,240	1,996	1,884
Part-Time	980	925	872	856	809
•Post-Graduate Medical Education Students	450	436	428	405	391
Summer Session Enrolment	11,127	10,328	9,951	9,493	9,009
% Annual Change	7.7	3.8	4.8	5.4	9.6
Full-Time Equivalent Students[1,3]	25,983	25,420	24,402	22,907	21,930
% Annual Change	2.2	4.2	6.5	4.5	7.0
International Students	2,661	2,304	1,718	1,232	974
% Annual Change	15.5	34.1	39.4	26.5	17.9
Self-Declared Canadian Aboriginal Students[4]	1,647	1,605	1,401	929	794
Agricultural & Food Sciences	10	8	7	-	-
Architecture	9	6	7	-	-
Art, School of	18	16	12	-	-
Arts	229	194	199	-	-
Business, Asper School of	34	34	38	-	-
Continuing Education	177	215	194	-	-
Education	83	87	68	-	-
Engineering	60	58	59	-	-
Environment, Earth, and Resources	12	12	9	-	-
Graduate Studies	87	42	23	-	-
Human Ecology	8	12	5	-	-
Law	15	22	20	-	-
Medical Rehabilitation	9				
Medicine	17	15	14	-	-
Music	4				
Nursing	159	162	141	-	-
Pharmacy	8	9	8	-	-
Physical Education & Recreation Studies	17	20	15	-	-
Science	103	98	86	-	-
Social Work	224	222	197	-	-
University 1	358	362	292	-	-
Others[5]	6	11	7	-	-
Financial Credit Hours					
Regular Session	531,047	530,055	509,551	482,938	462,791
Summer Session	68,258	63,626	62,048	58,369	53,042
Degrees, Diplomas, Certificates Conferred					
Undergraduate	4,006	4,009	3,730	3,643	3,538
Graduate	696	625	555	556	559
General Operating Grant (000's)[6]	$207,168	$202,411	$198,248	$191,003	$187,425
Grant in Lieu of Tuition Fee Rebate (000's)	$8,225	$8,005	$7,721	$7,208	$6,829
Tuition Income (000's)	$96,462	$88,120	$83,517	$79,126	$73,713
Scholarships & Bursaries (000's)	$12,113	$10,434	$9,430	$10,163	$10,109

1 As at November 1st

2 Includes B.Sc.(Dentistry), B.Sc.(Medicine) and Joint Master's Program students

3 Full-Time Equivalent Students = Full-time + (Part-time / 3.5). Includes both summer and regular session

4 Aboriginal identity is self-declared on the Admission form. Because the self-declaration is voluntary, and because only a limited number of admission cycles have been completed, the numbers reported would be less than the total population of Canadian Aboriginal students on campus. 2003-2004 data has been restated based on increased efforts to improve on the collection of declaration data. Data for years prior to 2003-2004 are incomplete, and therefore faculty breakdowns are not comparable.

5 Faculties/Schools with less than three students are included in 'Others'

6 Operating Grant excludes first claims and grant in lieu of tuition

Table 5
Donor Pledges by Constituency
2005-2006
(Total $23.4M)

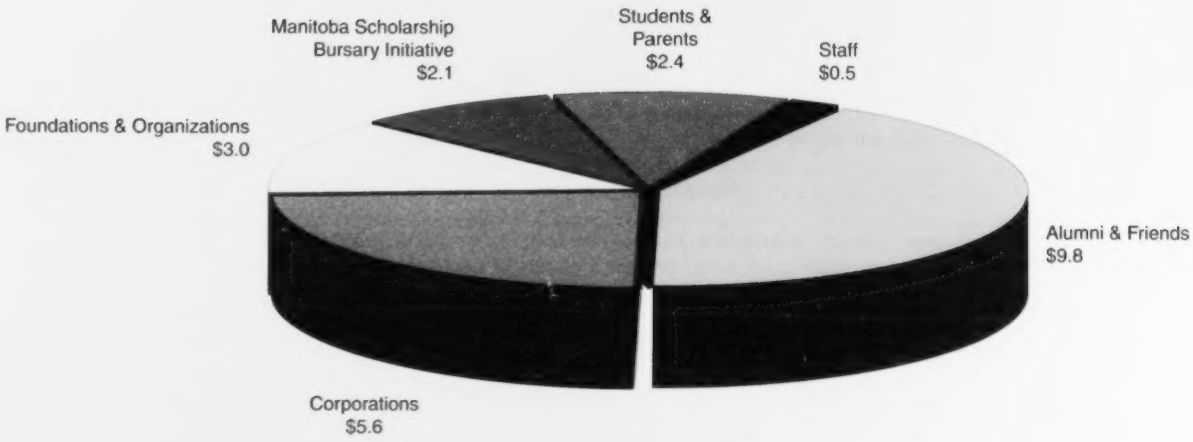
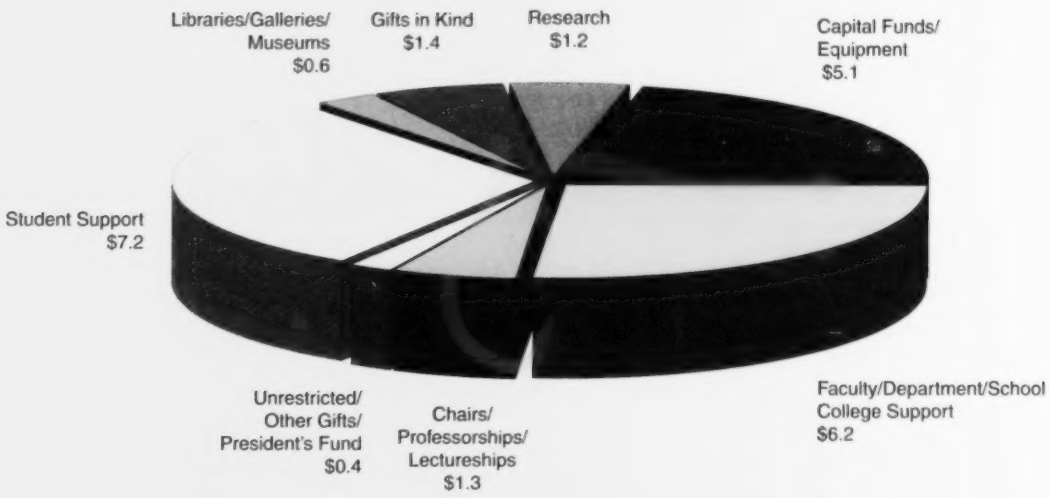


Table 5.1
Donor Pledges by Type of Gift
2005-2006
(Total $23.4M)



The Campaign's success will also facilitate the recruiting and retention of quality faculty and provide future operating support for faculties and schools. As of March 31, 2006, the market value of trust and endowments that are earmarked for chairs and professorships was approximately $22.6 million. In 2005-2006, a fundraising effort was launched to raise $3 million for a research chair in gastroenterology. Dr. John Bingham (M.D./1940) gave an extraordinary $1 million to create the Bingham Chair in Gastroenterology, which made significant progress towards the $3 million goal. Completing this $3 million endowment will enhance the ability of Manitoba to maintain one of the world's leading gastroenterology programs at the University of Manitoba. Chair and professorship endowments will grow by a further $1 million over the next few years as pledges are collected from donors.

As of March 31, 2006, the market value of trust and endowments that are earmarked for faculty, school and college endowments as well as other priorities was approximately $118.1 million and will grow by $10.5 million as pledges are collected from donors over the next few years.

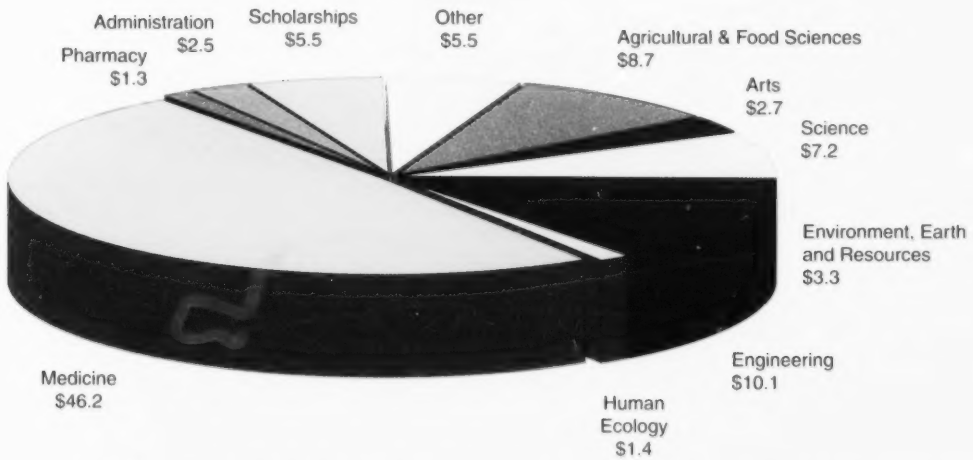
World Class Research

Over the past number of years, research activity has grown significantly. In fiscal 2005-2006, $96.2 million in sponsored or assisted research support was received through research grants or contracts from the Federal and Provincial Governments as well as from various foundations, business, industry and individuals. This represents a further 5.6% increase in research funding over the previous year (2004-2005, $91.1 million). Over the past five years, sponsored or assisted research has increased by 52.6% from a level of $63.1 million in 2001-2002.

The University is currently home to 43 Canada Research Chairs, is an active participant in 13 of the Federal Government's 24 Networks of Centres of Excellence program, and serves as the headquarters of the ISIS Canada (Intelligent Sensing for Innovative Structures) Network of Centres of Excellence. In addition, 36 research centres, institutes and shared facilities foster collaborative research in a wide variety of fields, ranging from aging and earth observation science to health policy and transportation.

The pie chart in **Table 6, Research Fund - Expenses by Faculty or Support Unit** is a pictorial representation of the level of research activity, as measured by the level of spending, in the Faculties and Schools in 2005-2006. The Faculty of Medicine engaged in the highest level of research at $46.2 million in 2005-2006, followed by the Faculty of Engineering at $10.1 million (including Intelligent Sensing for Innovative Structures), the Faculty of Agricultural and Food Sciences at $8.7 million and the Faculty of Science at $7.2 million. In total $94.4 million was spent on sponsored or assisted research activities at the University of Manitoba in 2005-2006.

Table 6
Research Fund
Expenses by Faculty or Support Unit
2005-2006
(Total $94.4 M)



In 2005-2006, the University of Manitoba's international HIV/AIDS programs received significant new international funding support. In India, a new program aimed at preventing the spread of HIV along migration corridors between the states of Karnataka and Maharashtra received $6.8 million from the Bill & Melinda Gates Foundation, and in Kenya,

the University's ongoing investigation of HIV resistance received a $9.5 million Grand Challenges in Global Health grant, supported by the Bill & Melinda Gates Foundation, the National Institutes of Health and the Canadian Institutes of Health Research.

The University of Manitoba has also been very successful in competitions for Canada Foundation for Innovation ("CFI") grant funding which is matched by contributions from the Manitoba Research Innovation Fund ("MRIF") and industry partners. Success in competition for these funds is essential to the University's ability to maintain a modern research infrastructure that is necessary to support a full range of important and innovative research programs. In 2005-2006, 14 faculty members received awards totaling $3.7 million from the New Opportunities Fund, which provides infrastructure support to newly recruited faculty members and assists the University in attracting world-class faculty and researchers.

Funding from the CFI, MRIF and industry matching contributions, together with the corresponding expenditures, are reflected in the Capital Asset Fund. In 2005-2006 total contributions from these sources were $7.2 million. When combined with sponsored or assisted research funding of $96.2 million, University of Manitoba researchers received $103.4 million in funding in 2005-2006.

Investment in Capital, Infrastructure and Technology

In fiscal 2005-2006, the University of Manitoba invested $119.9 million in capital assets as follows:

1. $78.9 million for the construction of buildings, infrastructure repairs and improvements and the acquisition of land;
2. $20.9 million for the acquisition of furniture, equipment and vehicles;
3. $10.7 million for computer equipment and technological improvements such as building cabling and administrative system renewals; and
4. $9.4 million for library acquisitions and works of art.

In addition, debt servicing costs of $9.6 million were paid, primarily relating to the Provincial Debt, the Arthur V. Mauro Student Residence, the Fort Garry Parkade and the Energy Performance Program.

The receipt of debt proceeds from the Province of $75 million in 2004-2005, together with an additional $75 million just subsequent to this fiscal year end on April 3, 2006, $15 million in commitments from the MRIF and Western Economic Diversification ("WED") as well as $101.3 million raised to the current fiscal year will continue to have a very positive effect on campus renewal over the next few years.

Construction on the Engineering and Information Technology Complex began in 2003-2004 and continued with an additional $19.5 million being spent on the new facility in 2005-2006. Phase 1 of this building was opened in September 2005 and construction on Phase 2 continued with completion scheduled for the fall of 2006. This Complex will house the Faculty of Engineering and the Department of Computer Science and is being funded in part by COPSE Capital Campaign funding and private gifts. Debt proceeds received from the Province are being used to bridge finance the construction, as pledges are being received from contributors and donors over a period of years.

Other large capital building projects that were undertaken in 2005-2006 include major renovations to the Wallace Building to house the Clayton H. Riddell Faculty of Environment, Earth, and Resources ($2.5 million), major renovations to the Faculty of Architecture's Russell Building ($3.4 million) and the start of construction on the parkade at the Bannatyne Campus ($4.5 million). In addition, construction costs of $5.3 million were incurred on the National Centre for Livestock and the Environment at Glenlea Research Station. This project is being funded by CFI, the MRIF and industry contributions.

Work was completed on numerous building upgrade and renovation projects such heating, ventilation and air conditioning at a cost of $1.3 million, fire and safety upgrades at a cost of $1.2 million, roof replacements of $1.1 million and cabling of $1.1 million. In addition, $2.2 million of asbestos abatement projects were undertaken. These projects were funded by COPSE capital grants and the Provincial Debt.

The University is also in the midst of a period of major administrative system renewal with human resource, finance and student information systems in various stages of implementation. There are also a number of smaller systems that link into these main systems that are being renewed including pension, research grant information, libraries and private funding/alumni development, to name a few. The new human resource system (VIP) went live in 2005-2006 with the semi-monthly (academic) payroll and two bi-weekly payrolls for permanent support staff and hourly staff. On March 1, 2006, the purchasing module of the finance system (Aurora Finance) went live and on April 1, 2006 all of the remaining finance modules were successfully implemented. The new student system (Aurora Student) is in progress and various modules are scheduled to go live in the 2006-2007 fiscal year. All of these systems are integrated and in 2005-2006 a significant training effort was undertaken to bring departmental users on line. The Aurora systems make use of WEB

Table 7
Capital Fund Sources
2005-2006
(Total $86.2M)

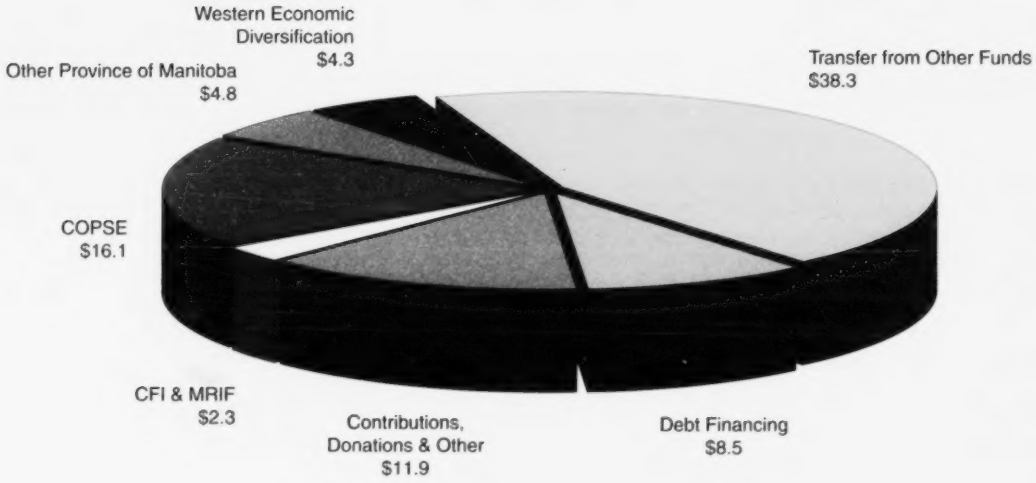
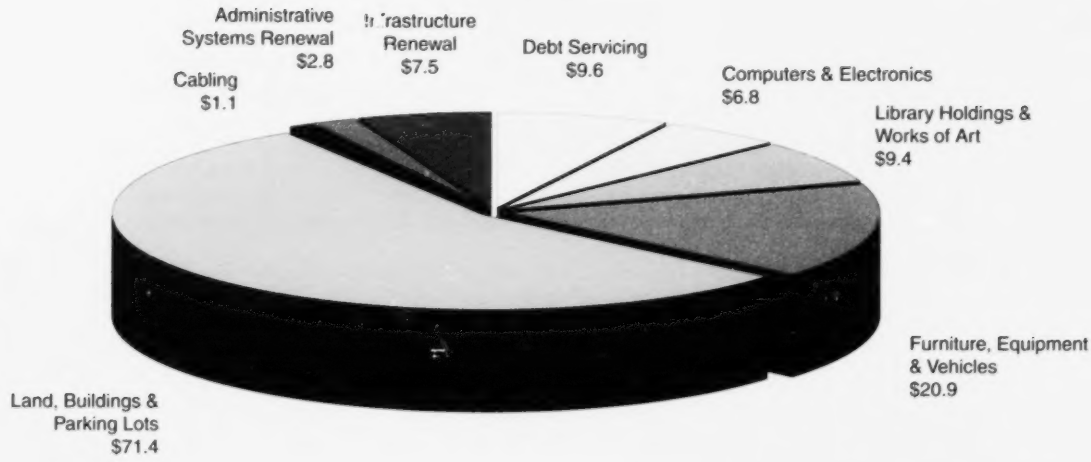

Western Economic Diversification $4.3
Other Province of Manitoba $4.8
Transfer from Other Funds $38.3
COPSE $16.1
CFI & MRIF $2.3
Contributions, Donations & Other $11.9
Debt Financing $8.5

Table 7.1
Capital Fund Expenditures
2005-2006
(Total $129.5M)


Administrative Systems Renewal $2.8
Infrastructure Renewal $7.5
Debt Servicing $9.6
Cabling $1.1
Computers & Electronics $6.8
Library Holdings & Works of Art $9.4
Furniture, Equipment & Vehicles $20.9
Land, Buildings & Parking Lots $71.4

technology, improving access on and off site. In addition, the financial and non-financial data which is required for campus wide decision making is enhanced by these new systems, improving the delivery of services to students and staff. Capital costs incurred in the current fiscal year relating to these system implementations totalled $2.8 million. Non-capital costs, such as backfilling costs and overtime for project staff are included in the Operating Fund.

Smartpark, the University's research and technology park, continued to build its community of innovators through further expansion in 2005-2006. Construction of three buildings concluded this year, including the Richardson Centre for Functional Foods and Nutraceuticals and two other buildings, housing six tenants. Construction costs on the Richardson Centre totalled $13.9 million in 2005-2006, including built in research and pilot plant equipment. This building is a unique facility where researchers from different disciplines and their industry partners work together to develop functional foods and nutraceuticals, based on scientific evidence for their efficacy and safety. Research and pilot plant equipment was funded by the MRIF, WED and private gifts. Debt proceeds received from the Province are also being used to bridge finance the construction as pledges are received from contributors and donors over a period of years.

The University's total investment in Smartpark infrastructure and new buildings as of March 31, 2006 is $44.1 million, $16.8 million of which was funded by various grants from the Federal and Provincial governments. As a wholly owned subsidiary, the financial statements of Smartpark Development Corporation are consolidated with the University of Manitoba's financial statements.

These new capital building and infrastructure renewal projects demonstrate the University's commitment to providing a high quality learning and research environment that meets the needs of students, faculty, staff and the community.

The pie charts in **Table 7, Capital Fund Sources and Capital Fund Expenditures 2005-2006** depict the sources of funding for capital assets and provide a more detailed breakdown of the $119.9 million in capital asset expenditures and debt servicing costs of $9.6 million.

An Asset to Our Community

In addition to its success at providing a quality university education to our students and conducting world class research with global implications, the University of Manitoba reaches out to the community in many other ways, through continuing education, collaborative efforts with business and industry and through the provision of specialized services not readily available locally. The University operates on two main campuses, Fort Garry and Bannatyne, with satellite teaching and research facilities at Glenlea Research Station, Carman and Delta Marsh, University of Manitoba Downtown and in 2005-2006, at the William Norrie Centre on Selkirk Avenue.

In addition, Social Work, Medicine and Dentistry all offer programs onsite and through distance education delivery techniques in northern communities. Medicine provides health services through the Northern Medical Unit and Dentistry offers extensive dental services through the Centre for Community Oral Health, bringing health and dental care to remote Aboriginal communities.

Smartpark continues to flourish, providing business and industry with opportunities to work collaboratively with researchers at the University of Manitoba.

The University of Manitoba's success in serving its mission in education, research and community service translates into major economic, social and cultural benefits for the people of Manitoba.

Conclusion

Increased investment in the University is the right choice for Manitoba and not only will result in sustaining the capacity of the University to support learning, innovation in research and community service but also ensure that Manitobans will prosper.

The University acknowledges with gratitude the continuing support of the Province and the Council on Post-Secondary Education as well as the support of our students, staff, alumni, and community stakeholders.

Respectfully submitted,

Deborah J. McCallum,
Vice-President (Administration),
University of Manitoba.

UNIVERSITY
OF MANITOBA

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA). The University believes the consolidated financial statements present fairly the University's consolidated financial position as at March 31, 2006 and the results of its operations for the year then ended.

The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility to approve the consolidated financial statements. The Board has delegated certain responsibilities to its Audit Committee including the responsibility for reviewing the annual consolidated financial statements and meeting with management and the Auditor General of Manitoba on matters relating to the financial reporting. The Auditor General has full access to the Audit Committee with or without the presence of management. The Board has approved the consolidated financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that accounting records are a reliable basis for the preparation of consolidated financial statements. The integrity of internal controls is reviewed on an ongoing basis by Audit Services and the Auditor General.

The consolidated financial statements for the year ended March 31, 2006 have been reported on by the Auditor General of Manitoba, the auditor appointed under the University of Manitoba Act. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the consolidated financial statements.

Deborah J. McCallum,
Vice-President (Administration).

May 26, 2006
Winnipeg, Manitoba

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba
To the Board of Governors of the University of Manitoba

We have audited the consolidated statement of financial position of the University of Manitoba as at March 31, 2006 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
May 26, 2006

Jon W. Singleton, CA•CISA
Auditor General

CONSOLIDATED FINANCIAL STATEMENTS

University of Manitoba
Consolidated Statement of Financial Position
as at March 31
(in thousands of dollars)

Assets	*2006*	*2005*
Current Assets		
Cash	$ 14,603	$ 13,385
Marketable Investments	124,488	157,733
Accounts Receivable (Note 3)	55,258	71,198
Inventories	3,243	3,168
Prepaid Expenses	214	151
	197,806	245,635
Long Term Assets		
Investments (Note 4)	295,480	263,597
Capital Assets, Net of Accumulated Amortization (Note 6)	558,021	471,558
	853,501	735,155
	$ 1,051,307	$ 980,790
Liabilities		
Current Liabilities		
Accounts Payable	$ 38,908	$ 42,762
Unearned Revenue	3,621	4,288
Staff Vacation Entitlements	8,187	9,109
Bank Loans	11,964	4,183
Current Portion of Capital Lease Obligations (Note 7)	302	321
Current Portion of Long Term Debt (Note 8)	3,152	3,001
	66,134	63,664
Long Term Liabilities		
Refundable Deposits	346	
Capital Lease Obligations (Note 7)	408	402
Long Term Debt (Note 8)	101,169	104,321
Employee Future Benefits (Note 9)	55,111	51,877
	157,034	156,600
Fund Balances	828,139	760,526
	$ 1,051,307	$ 980,790

Commitments and Contingencies (Note 14)

Wayne R. Anderson - Chair

Terry Sargeant - Vice-Chair

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances
for the years ended March 31
(in thousands of dollars)

	General Funds (Note 2e)	*Restricted Funds (Note 2f)*	*Endowment Fund (Note 2g)*	*2006 Total Funds*	*2005 Total Funds*
Revenue:					
Tuition and Related Fees	$ 96,462	$	$	$ 96,462	$ 88,120
Contributions, Donations, Non-Government Grants	1,338	67,821	14,956	84,115	72,463
Investment Income	3,808	16,767		20,575	11,981
Miscellaneous Income	1,603	2,452		4,055	2,486
Government Grants:					
Council on Post-Secondary Education	215,393	16,055		231,448	228,541
Other Province of Manitoba	3,626	22,519		26,145	28,895
Government of Canada	7,184	62,150		69,334	79,781
Sales of Goods and Services	21,790			21,790	20,367
Ancillary Services	29,566			29,566	29,021
	380,770	187,764	14,956	583,490	561,655
Expense:					
Academic	213,796	104,270		318,066	303,275
Libraries	14,206	126		14,332	13,609
Student Affairs	16,908	715		17,623	16,738
Administration	23,376	2,527		25,903	22,990
Plant Maintenance	34,679	7		34,686	32,258
Other Academic Support	16,593	844		17,437	15,556
General	4,554	3,931		8,485	11,264
Property Taxes	868			868	5,277
Scholarships, Bursaries, Prizes and Awards	3,444	8,669		12,113	10,434
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations		5,925		5,925	2,344
Amortization of Capital Assets		33,437		33,437	30,347
Ancillary Services	25,814			25,814	24,928
Staff Benefits Contra	1,188			1,188	(31)
	355,426	160,451		515,877	488,989
Net Revenue	25,344	27,313	14,956	67,613	72,666
Inter-Fund Transfers (Note 11)	(34,028)	30,554	3,474		
Net (Decrease) Increase to Fund Balances	(8,684)	57,867	18,430	67,613	72,666
Fund Balances Beginning of the Year	5,509	646,119	108,898	760,526	687,860
Fund Balances End of the Year	$ (3,175)	$ 703,986	$ 127,328	$ 828,139	$ 760,526
Unrestricted Funds	$ (48,926)	$	$	$ (48,926)	$ (44,903)
Internally Restricted Funds	45,751	45,348		91,099	81,341
Externally Restricted Funds		184,104	127,328	311,432	287,868
Invested in Capital Assets		474,534		474,534	436,220
	$ (3,175)	$ 703,986	$ 127,328	$ 828,139	$ 760,526

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the General Funds for the years ended March 31 (in thousands of dollars)

	General Operating Fund (Note 2e)	*Specific Provisions Fund (Note 2e)*	*Expenses Funded From Future Revenues (Note 2e)*	*2006 Total General Funds*	*2005 Total General Funds*
Revenue:					
Tuition and Related Fees	$ 96,462	$	$	$ 96,462	$ 88,120
Contributions, Donations, Non-Government Grants	1,338			1,338	879
Investment Income	3,808			3,808	2,353
Miscellaneous Income	1,603			1,603	1,097
Government Grants:					
Council on Post-Secondary Education	215,393			215,393	210,416
Other Province of Manitoba	3,626			3,626	2,811
Government of Canada	7,184			7,184	6,969
Sales of Goods and Services	21,790			21,790	20,367
Ancillary Services	29,566			29,566	29,021
	380,770			380,770	362,033
Expense:					
Academic	213,796			213,796	204,794
Libraries	14,206			14,206	13,506
Student Affairs	16,908			16,908	15,871
Administration	23,376			23,376	20,950
Plant Maintenance	34,679			34,679	32,260
Other Academic Support	16,593			16,593	14,741
General	4,554			4,554	5,585
Property Taxes	868			868	5,277
Scholarships, Bursaries, Prizes and Awards	3,444			3,444	2,505
Ancillary Services	25,814			25,814	24,928
Staff Benefits Contra	1,188			1,188	(31)
	355,426			355,426	340,386
Net Revenue	25,344			25,344	21,647
Inter-Fund Transfers (Note 11)	(25,048)	(4,661)	(4,319)	(34,028)	(24,852)
Net Increase (Decrease) to Fund Balances	296	(4,661)	(4,319)	(8,684)	(3,205)
Fund Balances Beginning of the Year	1,853	50,412	(46,756)	5,509	8,714
Fund Balances End of the Year	$ 2,149	$ 45,751	$ (51,075)	$ (3,175)	$ 5,509
Unrestricted Funds	$ 2,149	$	$ (51,075)	$ (48,926)	$ (44,903)
Internally Restricted Funds		45,751		45,751	50,412
	$ 2,149	$ 45,751	$ (51,075)	$ (3,175)	$ 5,509

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the Restricted Funds for the years ended March 31 (in thousands of dollars)

	Capital Asset Fund (Note 2f)	*Research and Special Fund (Note 2f)*	*Staff Benefits Fund (Note 2f)*	*Trust Fund (Note 2f)*	*2006 Total Restricted Funds*	*2005 Total Restricted Funds*
Revenue:						
Contributions, Donations, Non-Government Grants	$ 10,807	$ 44,562	$ 1,111	$ 11,341	$ 67,821	$ 60,896
Investment Income	1,129		2,168	13,470	16,767	9,628
Miscellaneous Income			1,578	874	2,452	1,389
Government Grants:						
Council on Post-Secondary Education	16,055				16,055	18,125
Other Province of Manitoba	5,413	17,106			22,519	26,084
Government of Canada	5,975	56,175			62,150	72,812
	39,379	117,843	4,857	25,685	187,764	188,934
Expense:						
Academic		104,270			104,270	98,481
Libraries		126			126	103
Student Affairs		715			715	867
Administration		2,527			2,527	2,040
Plant Maintenance		7			7	(2)
Other Academic Support		844			844	815
General		(7)	2,404	1,534	3,931	5,679
Scholarships, Bursaries, Prizes and Awards				8,669	8,669	7,929
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations	5,925				5,925	2,344
Amortization of Capital Assets	33,437				33,437	30,347
	39,362	108,482	2,404	10,203	160,451	148,603
Net Revenue	17	9,361	2,453	15,482	27,313	40,331
Inter-Fund Transfers (Note 11)	38,297	(7,145)	(957)	359	30,554	22,620
Net Increase to Fund Balances	38,314	2,216	1,496	15,841	57,867	62,951
Fund Balances Beginning of the Year	436,220	70,242	15,781	123,876	646,119	583,168
Fund Balances End of the Year	$ 474,534	$ 72,458	$ 17,277	$ 139,717	$ 703,986	$ 646,119
Internally Restricted Funds	$	$	$ 5,986	$ 39,362	$ 45,348	$ 30,929
Externally Restricted Funds		72,458	11,291	100,355	184,104	178,970
Invested in Capital Assets	474,534				474,534	436,220
	$ 474,534	$ 72,458	$ 17,277	$ 139,717	$ 703,986	$ 646,119

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Cash Flows
for the years ended March 31
(in thousands of dollars)

	General Funds	*Restricted Funds*	*Endowment Fund*	*2006 Total Funds*	*2005 Total Funds*
Cash from Operating Activities:					
Excess of Revenue over Expense	$ 25,344	$ 27,313	$ 14,956	$ 67,613	$ 72,666
Amortization of Capital Assets		33,437		33,437	30,347
	25,344	60,750	14,956	101,050	103,013
Net Change in Non-Cash Working Capital Items	23,786	(13,427)		10,359	(6,065)
Net Change in Employee Future Benefits	3,564	(330)		3,234	1,787
Net Cash Generated through Operating Activities	52,694	46,993	14,956	114,643	98,735
Investing Activities:					
Increase in Long Term Investments		(13,453)	(18,430)	(31,883)	(18,817)
Change in Loan Receivable					200
Purchase of Capital Assets		(119,900)		(119,900)	(92,531)
Net Cash Used in Investing Activities		(133,353)	(18,430)	(151,783)	(111,148)
Financing Activities:					
Proceeds from Refundable Deposits		346		346	
Proceeds from Capital Lease Obligations		388		388	555
Proceeds from Long Term Debt					76,150
Proceeds from Bank Loans		8,100		8,100	4,326
Principal Repayment on Capital Lease Obligations		(401)		(401)	(388)
Principal Repayment on Bank Loans		(319)		(319)	(143)
Principal Repayment on Long Term Debt		(3,001)		(3,001)	(7,146)
Net Cash Generated in Financing Activities		5,113		5,113	73,354
Net Increase (Decrease) in Cash	52,694	(81,247)	(3,474)	(32,027)	60,941
Inter-Fund Adjustments	(34,028)	30,554	3,474		
Cash Beginning of Year	50,956	120,162		171,118	110,177
Cash End of Year	$ 69,622	$ 69,469	$	$ 139,091	$ 171,118
Cash is defined as:					
Cash	$ 6,746	$ 7,857	$	$ 14,603	$ 13,385
Marketable Investments	62,876	61,612		124,488	157,733
	$ 69,622	$ 69,469	$	$ 139,091	$ 171,118

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of The University of Manitoba Act, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service the University makes its expertise available to all Manitobans.

2. SIGNIFICANT ACCOUNTING POLICIES

a. General

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Canadian Institute of Chartered Accountants ("CICA") for not-for-profit organizations. The University has adopted the restricted fund method of accounting for contributions.

b. Basis of Consolidation

The consolidated financial statements include the accounts of Smartpark Development Corporation, a wholly owned subsidiary of the University of Manitoba. The company has a March 31 year end and its purpose is to market and promote the development of a research park at the University of Manitoba.

c. Fund Accounting

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Consolidated Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, General, Restricted and Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research and Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowment funds of the University.

d. Accounting Estimates

Accounting estimates are included in financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include accruals for property taxes not yet assessed and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

e. General Funds

General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services such as the telephone system in the units' expenses and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University Book Store, Parking, Student Residences and Pharmacy/Post Office are classified as Ancillary Services and are budgeted on a break-even basis. Any surpluses or deficits are unrestricted and are maintained within the General Operating Fund. Overhead costs have been allocated to all ancillary operations. The replacement or improvement of capital assets for these ancillaries is funded by an annual appropriation to the Specific Provisions Fund. Amortization of ancillary capital assets and interest expense is recorded in the Capital Asset Fund.

Academic and administrative units also generate revenues through the sale of goods and services to individuals, companies and organizations external to the University. The revenues earned are unrestricted resources and are reflected in the General Operating Fund.

Specific Provisions Fund:
The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research and Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, or other matters, including a fiscal stabilization provision to offset potential spending in excess of future budgets. Such appropriations are shown as inter-fund transfers on the Consolidated Statement of Operations and Changes in Fund Balances.

Expenses Funded From Future Revenues:
Expenses Funded from Future Revenues records the amount of unpaid vacation pay for permanent non-academic staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits.

f. Restricted Funds
Capital Asset Fund:
The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets, sinking fund investment income and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances. Expenses include interest on debt relating to the acquisition or construction of capital assets, amortization and gains or losses on disposal of capital assets, including write-downs resulting from obsolescence.

Research and Special Fund:
The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both federal and provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

Staff Benefits Fund:
The Staff Benefits Fund is divided into Fund Accounts for Pension Reserve, Self-Insured Plans and Benefit Reserve, the revenues of which are restricted for the purposes noted.

(i) Pension Reserve:
This Fund Account is restricted for special payments towards any unfunded liability of The University of Manitoba Pension Plan (1970) and the University of Manitoba Pension Plan (1993) and other pension obligations.

(ii) Self-Insured Plans:
This Fund Account records the assets and liabilities for two self-insured benefit plans, the Long Term Disability Income Plan and the Dental Plan. The Long Term Disability Income Plan is used for long term disability payments arising on and after June 1, 1981 for eligible staff. The Plan contains two funds, one for the payment of Basic Benefits and another for the payment of Cost-of-Living Benefits. The Dental Plan is administered by a contracted third party. Surplus funds are held for the purpose of covering deficits which may occur in this self-insured plan.

(iii) Benefit Reserve:
This Fund Account is used for the support of current and future staff benefit programs. Experience refunds related to the group insurance plans are credited to this Fund Account. Employment Insurance premium savings resulting from the extended sick leave coverage provided by the University are also credited to this Fund Account.

Trust Fund:
The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

g. Endowment Fund
The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and the income earned be utilized for designated purposes. In certain cases, the donor requires that a portion of the current investment income also be capitalized. As such, these funds are added to the capital account of the endowment.

h. Revenue Recognition

Restricted contributions relating to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received. Investment income earned on endowments is recorded in the appropriate Fund depending on the restrictions imposed by the original donor.

Investment income earned on temporary surplus funds is recorded in the appropriate Fund depending on the restrictions imposed. Investment income on unrestricted surplus funds is recorded as unrestricted income in the General Operating Fund.

i. Contributed Materials and Services

Gifts-in-kind are recorded in the consolidated financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, however, the market value of these services are not recognized in the consolidated financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund raising or sporting events all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the consolidated financial statements, are critical to the successful functioning of the University.

j. Investments

All investments are recorded at cost. All investment income is recorded on an accrual basis. Realized gains on sales of investments are recognized in the year of disposal. Losses are recognized in the year of disposal or when there is a loss in value of the investment that is deemed to be other than temporary.

Temporary surplus cash is invested in the short term money market.

Trust and endowment funds are invested in either the University Investment Trust ("UIT") or the Specific Trusts. The UIT is pooled for investment purposes. Within the UIT, individual capital accounts are unitized to facilitate the equitable distribution of income based on the number of units. A new market value per unit is determined monthly. Capital contributions and withdrawals are based on the current market value per unit. Trust and endowment funds held in the UIT are invested in fixed income securities and in the equity markets. These investments are professionally managed and held in the custody of independent companies. The Specific Trust funds are not pooled and are invested in the short term money market and fixed income securities.

Staff benefits funds are invested in pooled funds in the fixed income securities and equity markets. These investments are professionally managed and held in the custody of an independent company.

k. Pledges Receivable

The University does not record pledges receivable in its consolidated financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectibility is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

l. Inventories

Inventories have been valued at the lower of cost and net realizable value.

m. Capital Assets

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market

value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings and Major Renovations	15-50 years
Computer Hardware, Software and Electronics	5-10 years
Furniture and Equipment	10 years
Library Books	10 years
Parking Lots	20 years
Vehicles	5 years

Equipment acquired under a capital lease is amortized over the term of the lease. Works of art, treasures, rare books and manuscripts are not amortized.

n. Collections

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections and therefore does not have a formal policy with respect to the use of proceeds of disposal. However, the University abides by all restrictions placed by donors at the time a donation is received, which may include restrictions imposed relating to the sale of a collection or items contained therein.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund, if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

o. Pension Costs

The cost of pension benefits earned by employees who are members of the University of Manitoba Pension Plan (1970) or the University of Manitoba Pension Plan (1993) is determined actuarially using the projected unit credit actuarial cost method and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Pension costs for The University of Manitoba GFT Pension Plan (1986) are based on the contributions required of the University by that Plan.

p. Financial Instruments

The financial instruments at the University consist of cash, marketable investments, accounts receivable, long term investments, accounts payable, refundable deposits, capital lease obligations and long term debt. Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency, market or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, unless otherwise disclosed.

q. Employee Future Benefits

The University accrues its obligations for employee future benefit plans relating to health, dental, long term disability and group life insurance. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimates for the discount rate for liabilities, the expected rate of return on assets, retirement ages and expected future health care cost trends.

The University also accrues its obligations relating to post-retirement adjustments to pensions for specifically entitled employees who retired prior to 1993. The cost of such post-retirement pension adjustments is also determined using the projected benefit method and management's best estimate for the discount rate for liabilities and the expected rate of return on assets. Any increase in such adjustments is recognized in the year that it occurs.

The expected return on assets is based on the book value of assets supporting the long term disability income plan and the post-retirement adjustment fund.

Actuarial gains or losses are recognized in the year the gain or loss arises.

r. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rate. Revenues and expenses are translated at exchange rates on the transaction dates. Gains or losses arising from these translations are included in earnings.

s. Interest Rate Swaps

An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. From time to time, the University enters into interest swap agreements in order to manage the interest rate exposure associated with certain debt obligations. Because long term swap agreements effectively and completely hedge the underlying short term debt obligations, the University reflects the obligations as long term debt in the financial statements.

3. ACCOUNTS RECEIVABLE

	2006	2005
Council on Post-Secondary Education	$ 156	$ 1,160
General	34,185	39,950
Research and Special	20,917	30,088
	$ 55,258	$ 71,198

4. INVESTMENTS

The fair values and book values of investments as at March 31 are:

	2006 Fair Value	2006 Book Value	2005 Book Value
Operating			
University of Manitoba Research Ltd.	$ 93	$ 93	$ 93
Research and Special Funds			
Guaranteed Investment Certificate	346	346	
Trust & Endowment			
Bankers Acceptances, Guaranteed Investment Certificates and Cash	31,232	31,232	18,975
Bonds and Other Fixed Income Securities:			
Government of Canada	29,854	29,416	24,957
Province of Manitoba	4,131	4,018	3,854
Other Provincial	7,308	6,769	5,906
Municipal	3,540	3,318	2,575
Corporate	25,493	25,142	21,695
Other	6,231	6,211	5,761
	76,557	74,874	64,748
Equities:			
Canadian Equities	88,989	55,956	54,467
US Equities	51,978	52,340	46,966
International Equities	54,446	47,286	46,264
	195,413	155,582	147,697
	303,202	261,688	231,420
Capital*			
Bankers Acceptances, Guaranteed Investment Certificates and Cash	206	206	103
Province of Manitoba Bonds	1,909	1,970	1,970
	2,115	2,176	2,073
Staff Benefits			
Money Market Funds and Cash	422	422	465
Bonds	12,256	11,619	10,302
Equities:			
Canadian Equities	8,865	5,423	6,001
US Equities	5,469	5,631	5,384
International Equities	5,569	4,669	4,835
	19,903	15,723	16,220
Mortgage Fund	3,507	3,413	3,024
	36,088	31,177	30,011
Total Investments	$ 341,844	$ 295,480	$ 263,597

**Represents Sinking Fund Assets on Deposit with the Province of Manitoba, which are held to retire the Capital Advances as described in Note 8.*

5. ECONOMIC INTEREST IN RELATED ENTITIES

The University of Manitoba Foundation U.S.A. Inc.

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. ("the Foundation") which is an Illinois Not-For-Profit Corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members on the Board include, among others, certain senior staff of the University of Manitoba. The University of Manitoba, however, is one of many universities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

6. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Assets Under Capital Lease	$ 3,539	$ 2,849	$ 3,320	$ 2,650
Buildings and Major Renovations	495,356	119,083	386,220	109,758
Computer Hardware, Software and Electronics	86,411	57,353	81,618	54,309
Construction in Progress	29,790		60,390	
Furniture and Equipment	139,850	77,190	121,560	70,017
Land	11,249		10,335	
Library Books	126,962	88,038	118,532	81,891
Parking Lots	3,187	483	2,668	336
Rare Books and Manuscripts	4,278		3,830	
Vehicles	6,073	5,107	5,676	4,781
Works of Art	1,429		1,151	
	908,124	350,103	795,300	323,742
Less Accumulated Amortization	350,103		323,742	
Net Book Value	$ 558,021		$ 471,558	

7. CAPITAL LEASE OBLIGATIONS

Minimum lease payments which include principal and interest under the capital lease obligations are as follows:

2007	$ 325
2008	212
2009	141
2010	71
Total Minimum Lease Payments	749
Less: Interest at 5.03%	(39)
	710
Less: Current Portion	(302)
	$ 408

8. LONG TERM DEBT

	2006	2005
Province of Manitoba:		
Promissory Note, 5.23% due March 1, 2035	$ 73,939	$ 75,000
Capital Advances:		
5 7/8% due May 20, 2007	482	482
7 1/8% due July 27, 2008	706	706
6 7/8% due December 15, 2009	257	257
6 7/8% due March 31, 2011	555	555
	2,000	2,000
Term Loans:		
*Smartpark Multi Tenant Facility, 6.05% due October 31, 2012	1,404	1,435
*Smartpark Multi Tenant Facility, 5.95% due January 22, 2014	4,350	4,350
	5,754	5,785
Bankers Acceptances with Interest Rate Swaps:		
Arthur V. Mauro Student Residence, 5.92% due September 5, 2028	16,211	16,541
Energy Performance Program, 4.31% due November 10, 2009	6,417	7,996
	22,628	24,537
	104,321	107,322
Less Current Portion:		
Promissory Note	(1,118)	(1,061)
Term Loans	(33)	(31)
Bankers Acceptances	(2,001)	(1,909)
	(3,152)	(3,001)
	$ 101,169	$ 104,321

Represents debt of Smartpark Development Corporation.

The University entered into an interest rate swap agreement whereby the University has fixed a swap rate of 5.92% on a 25 year loan for the Arthur V. Mauro Student Residence. The stamping fee is committed until September 1, 2013. Under the terms of the agreement, the University is required to make monthly principal and interest repayments similar to a conventional amortizing loan. The notional principal underlying this swap agreement amounted to $16,211 as at March 31, 2006 (2005, $16,541).

The University entered into an interest rate swap agreement whereby the University has fixed a swap rate of 4.31% on the Energy Performance Program loan. Under the terms of this agreement, the University is also required to make monthly principal and interest payments. The notional principal underlying this agreement amounted to $6,417 as at March 31, 2006 (2005, $7,996). The stamping fee is committed until November 10, 2006.

The University's exposure to interest rate risk is managed through the use of these swap agreements.

Principal repayments on long term debt payable over the next five years are as follows:

	Promissory Note	Capital Advances	Term Loans	Bankers Acceptances	Total
2007	$ 1,118	$	$ 33	$ 2,001	$ 3,152
2008	1,178	482	35	2,094	3,789
2009	1,241	706	37	2,195	4,179
2010	1,308	257	39	1,665	3,269
2011	1,378	555	42	445	2,420
Thereafter	67,716		5,568	14,228	87,512
	$ 73,939	$ 2,000	$ 5,754	$ 22,628	$ 104,321

9. EMPLOYEE FUTURE BENEFITS

The University of Manitoba provides certain health, dental and group life benefits for its retired employees and long term disability benefits for current employees. Post-retirement pension benefits are also provided for specifically entitled retirees.

Health, dental and group life benefits are provided to employees who retired prior to July 1, 2004 on a non-contributory basis. The group life benefits are indexed post-retirement. For eligible employees retiring on or after July 1, 2004, no group life benefit is available, and employees share in the cost of the health and dental benefits.

The long term disability income benefit is provided on a contributory basis.

Post-retirement pension benefits are provided to specifically entitled employees who retired prior to 1993. The adjustments for a year are determined as the lesser of the amounts that can be provided by a weighted average percentage salary increase at the University, or the excess interest approach provided under the University of Manitoba Pension Plan (1993). One hundred percent of the adjustments are paid by the University (50% from the General Operating Fund and 50% from the Staff Benefits Fund).

The University measures the book value of assets and the accrued benefit obligations for the non-pension and post-retirement pension adjustments as of March 31. The most recent actuarial valuations were as of March 31, 2004 with the next valuations due as of March 31, 2007.

The Accrued Benefit Obligation for the non-pension benefit plans and the post-retirement adjustments are reported in the University's Consolidated Statement of Financial Position under Long Term Liabilities.

Information about the University's defined benefit plans as at March 31 is as follows:

	Non-Pension Benefit Plans		Post-Retirement Adjustments		Total	
	2006	2005	2006	2005	2006	2005
Benefit Cost	$ 5,970	$ 4,619	$ 362	$ 560	$ 6,332	$ 5,179
Accrued Benefit Obligation	48,995	45,410	6,116	6,467	55,111	51,877
Plan Assets	17,463	16,945	1,609	1,540	19,072	18,485
Employer Contribution	2,903	2,769	437	461	3,340	3,230
Employees' Contributions	991	947			991	947
Benefits Paid	3,894	3,716	871	922	4,765	4,638

Plan assets consist of:

	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2006	2005	2006	2005
Equities	46%	50%	4%	4%
Fixed Income	35%	32%	3%	3%
Other	11%	10%	1%	1%
Total	92%	92%	8%	8%

Key Assumptions are:

	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2006	2005	2006	2005
Accrued benefit obligation at March 31:				
Discount rate	5.00%	5.75%	5.00%	5.75%
Benefit Cost for year ended March 31:				
Discount rate	5.75%	5.75%	6.25%	5.75%
Expected rate of return on assets	5.75%	5.75%	6.25%	5.75%
Health Care Cost Trend Rates at March 31:				
Initial rate	8.00%	8.00%		
Ultimate rate	5.00%	5.00%		
Year ultimate rate reached	2014	2014		
Dental Care Cost Trend Rates at March 31:				
Initial rate	4.25%	6.00%		
Ultimate rate	4.25%	4.00%		
Year ultimate rate reached	2009	2009		

10. INTER-FUND ADVANCES AND LOANS

Inter-Fund advances and loans at March 31 are as follows:

	2006	2005
General Operating Fund:		
Due to Trust	$ (6,644)	$ (153)
Due from (to) Capital Asset	(14,970)	530
	$ (21,614)	$ 377
Capital Asset Fund:		
Due from (to) Operating	$ 14,970	$ (530)
Trust Fund:		
Due from Operating	$ 6,644	$ 153

11. INTER-FUND TRANSFERS

Inter-Fund transfers at March 31 are as follows:

	General Operating	Specific Provisions	Expenses Funded From Future Revenues	Capital Asset	Research and Special	Staff Benefits	Trust Fund	Endowment Fund
Employee Future Benefits	$ 3,234	$	$ (3,564)	$	$	$ 330	$	$
Net Change in Vacation Pay Liability	755		(755)					
Benefit Premiums Net of Employer Contributions for Staff Benefits	1,287					(1,287)		
Appropriations for Specific Provisions:								
Capital Asset Replacements & Improvements	(2,261)	2,261						
Fiscal Stabilization, Net	90	(90)						
Unit Carryovers, Special Projects & Initiatives	(4,875)	4,875						
Funding of Capital Asset Additions	(23,667)	(1,305)		30,780	(5,808)			
Long Term Debt Repayments	(4,327)	(3,045)		8,731	(21)		(1,338)	
Student Contributions to University Development Funds	(1,253)			84			117	1,052
Student Contributions for Technology	(3,626)						3,626	
Scholarships, Bursaries & Prizes	(1,079)	(180)					1,251	8
Other Net Transfers	(22)			327	(572)		(2,147)	2,414
Overhead Recoveries	1,539				(1,539)			
Funding of General Operating Expenses	12,640	(7,177)		(1,625)			(3,838)	
Unit Capital Development Assessment	(3,483)						3,483	
Funding of Research Projects					795		(795)	
March 31, 2006	$ (25,048)	$ (4,661)	$ (4,319)	$ 38,297	$ (7,145)	$ (957)	$ 359	$ 3,474
March 31, 2005	$ (21,594)	$ (1,021)	$ (2,237)	$ 34,235	$ (5,106)	$ (1,686)	$ (4,823)	$ 2,232

12. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed building, capital equipment and library books of $3,705 (2005, $887).

13. PENSION PLANS

The University of Manitoba administers the University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986) and The University of Manitoba Pension Plan (1993). These are trusteed pension plans. The Trustees are responsible for the custody of the Plans' assets and issuance of annual financial statements, which do not form part of the University's financial statements.

The University of Manitoba Pension Plan (1970) and University of Manitoba Pension Plan (1993) are both money purchase plans with a defined benefit minimum. The funding for the plans requires a matching contribution from the University and the employees. The surplus from the Plans and the matching contribution is adequate to fund the Plan and the current level of funding satisfies the requirements of the Manitoba Pensions Benefit Act.

The actuarial present value of accrued pension benefits has been determined using the projected unit credit actuarial cost method, and assumptions developed by reference to expected long term market conditions. An actuarial valuation effective December 31, 2003 was completed in 2004 by Eckler Partners Ltd., a firm of consulting actuaries. The results of this valuation have been extrapolated by Eckler Partners Ltd. to December 31, 2005. As at December 31, 2005, the University of Manitoba Pension Plan (1970) and The University of Manitoba Pension Plan (1993) were in an actuarial surplus of $773 (2004, $871) and $6,421 (2004, $7,994), respectively. The University cannot access this surplus and as a result, no asset has been recorded.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year, were as follows:

	2005		2004	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Actuarial present value of accrued pension benefits at beginning of year	$ 769,174	$ 15,730	$ 740,159	$ 16,356
Interest accrued on benefits	44,425	923	42,577	883
Benefits accrued	28,526	1,434	26,053	1,536
Benefits paid	(46,822)	(723)	(39,913)	(3,045)
Actuarial gain	334		298	
Actuarial present value of accrued pension benefits at end of year	$ 795,637	$ 17,364	$ 769,174	$ 15,730

The significant long-term assumptions used in the valuation of the accrued pension benefits were a rate of return on assets of 6.5% per annum, a general rate of salary increase of 3.0% for the first three years and 4.5% thereafter, and a 6.0% interest assumption as the basis for converting member accumulations into annuities. However, in preparing the extrapolation the investment return used for 2004 and 2005 was 5.66% and 5.74% respectively, being the rates of return for those years based on the actuarial asset values.

The actuarial value of net assets available for benefits, has been determined using a five year moving average fair value method. Under this method, the fair value is the underlying basis, but capital gains and losses are amortized over a five year period.

The fair and actuarial values of net assets available for benefits as at December 31 were as follows:

	2005		2004	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Fair value of net assets available for benefits	$ 901,999	$ 20,397	$ 829,510	$ 17,719
Fair value changes not reflected in the actuarial value of net assets	(99,941)	(2,260)	(52,342)	(1,118)
Actuarial value of net assets available for benefits	$ 802,058	$ 18,137	$ 777,168	$ 16,601

The University recognized expenses equal to its contributions of $14,290 (2005, $12,572) for the 1970 Plan and for the 1993 Plan for the year ended March 31, 2006. Employee contributions matched the employer contributions.

The next full actuarial valuation of the Plans will be effective December 31, 2005 and will be completed in 2006.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan, therefore, there is no requirement for an actuarial valuation of this Plan. The University's contributions to this Plan were $1,459 in 2006 (2005, $1,410).

14. COMMITMENTS AND CONTINGENCIES

The University of Manitoba is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums, which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

Contractual commitments relating to Construction in Progress amount to $10,793 (2005, $32,824).

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims as of March 31, 2006.

15. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2005 have been restated, where appropriate, to conform with the presentation adopted for March 31, 2006.

16. SUBSEQUENT EVENT

On April 3, 2006 the University borrowed $75,000 from the Province of Manitoba in exchange for a promissory note bearing interest at 5.55% due April 1, 2036.

SCHEDULES (UNAUDITED)

Schedule 1 **Tuition and Related Fees**

	Undergraduate	*Graduate*	*March 31, 2006*	*Undergraduate*	*Graduate*	*March 31, 2005*
Degree Programs						
Regular Session:						
Agricultural and Food Sciences	$ 1,440,643	$ 549,537	$ 1,990,180	$ 1,174,660	$ 357,874	$ 1,532,534
Architecture	1,458,763	544,839	2,003,602	1,354,549	508,350	1,862,899
Arts	14,498,111	948,756	15,446,867	14,431,691	761,151	15,192,842
Clayton H. Riddell Faculty of Environment, Earth, and Resources	1,897,976	399,197	2,297,173	1,781,385	308,349	2,089,734
Dentistry	3,129,544	165,987	3,295,531	2,882,998	129,900	3,012,898
Education	2,141,178	464,152	2,605,330	2,144,247	418,988	2,563,235
Engineering	2,980,463	854,239	3,834,702	2,910,221	614,817	3,525,038
Extended Education	3,664,834		3,664,834	3,460,747		3,460,747
Graduate Studies		279,512	279,512		259,470	259,470
Human Ecology	1,611,605	71,163	1,682,768	1,416,165	89,338	1,505,503
I. H. Asper School of Business	5,847,335	457,006	6,304,341	5,754,977	532,585	6,287,562
Interdisciplinary	832	14,498	15,330		7,520	7,520
Law	2,070,965	24,002	2,094,967	1,465,619	18,867	1,484,486
Medicine	3,388,828	1,359,053	4,747,881	3,311,469	1,255,067	4,566,536
Music	575,714	61,388	637,102	631,866	46,447	678,313
Nursing	2,668,782	156,861	2,825,643	2,625,639	179,982	2,805,621
Pharmacy	899,885	47,599	947,484	854,419	34,093	888,512
Physical Education and Recreation Studies	1,267,947	71,970	1,339,917	1,151,651	41,377	1,193,028
School of Art	1,302,638		1,302,638	1,327,865		1,327,865
Science	14,544,631	732,536	15,277,167	14,056,348	525,386	14,581,734
Social Work	1,307,852	224,301	1,532,153	1,232,269	226,569	1,458,838
University 1	554,665		554,665	565,078		565,078
	67,253,191	7,426,596	74,679,787	64,533,863	6,316,130	70,849,993
Summer Session:						
Agricultural and Food Sciences		1,022	1,022	409	3,702	4,111
Architecture	47,817	9,023	56,840	43,346	5,640	48,986
Arts	2,412,622	5,856	2,418,478	1,935,774	9,532	1,945,306
Clayton H. Riddell Faculty of Environment, Earth, and Resources	190,551	2,676	193,227	190,512	376	190,888
Dentistry	10,530		10,530	11,408	375	11,783
Education	210,597	11,949	222,546	193,642	8,999	202,641
Engineering	170,057	7,217	177,274	162,879	11,386	174,265
Extended Education	896,646		896,646	800,583		800,583
Human Ecology	206,923		206,923	151,025	1,880	152,905
I. H. Asper School of Business	1,162,484	22,181	1,184,665	921,893	26,071	947,964
Interdisciplinary					416	416
Medicine	136,030	5,263	141,293	156,992	4,511	161,503
Music	34,468	4,136	38,604	19,901	2,256	22,157
Nursing	431,803	2,256	434,059	660,029	2,796	662,825
Pharmacy					540	540
Physical Education and Recreation Studies	80,189	1,550	81,739	58,479		58,479
School of Art	168,112		168,112	147,422		147,422
Science	1,702,565	3,278	1,705,843	1,443,154	3,675	1,446,829
Social Work	343,102	6,015	349,117	348,262	6,767	355,029
University 1	1,404		1,404			
	8,205,900	82,422	8,288,322	7,245,710	88,922	7,334,632
Miscellaneous Fees			5,723,263			1,852,728
Non-Degree Programs						
Extended Education			4,745,693			5,179,688
Other Faculties			3,025,018			2,903,287
			$ 96,462,083			$ 88,120,328

Schedule 2 **Changes to Research and Special Fund** *(Page 1)*

	Balance March 31, 2005	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2006*
Sponsored or Assisted Research:					
Government of Canada:					
Canada Foundation for Innovation	$ 615,286	$ 639,589	$ 475,443	$ 900	$ 780,332
Canadian Institutes of Health Research	10,995,233	21,243,721	20,812,008	(63,125)	11,363,821
Canadian International Development Agency	7,263,527	1,523,327	6,414,137	(242,884)	2,129,833
Miscellaneous	1,753,804	5,882,035	5,227,243	(158,870)	2,249,726
Networks of Centres of Excellence	35,290	3,200,000	3,041,441	53,394	247,243
Science and Engineering Research Canada	6,252,697	15,507,713	15,234,597	(41,875)	6,483,938
Social Sciences and Humanities Research Council	2,353,762	4,952,723	4,578,636	(12,500)	2,715,349
	29,269,599	52,949,108	55,783,505	(464,960)	25,970,242
Province of Manitoba:					
Agriculture	237,725	875,461	763,558	(6,871)	342,757
Health Research Council	1,260,480	2,474,346	2,137,484		1,597,342
Health Research Initiative	4,428,912	919,600	880,543		4,467,969
Miscellaneous	1,648,649	3,749,434	3,587,779	(26,024)	1,784,280
	7,575,766	8,018,841	7,369,364	(32,895)	8,192,348
Business and Industry	3,341,470	3,060,793	2,760,168	(15,638)	3,626,457
Foundations, Associations, etc.	11,365,075	19,630,367	17,203,702	375,367	14,167,107
Individuals	820,917	225,025	382,159	81,963	745,746
Manitoba Heart Foundation	431,882	961,200	925,496		467,586
National Cancer Institute of Canada	267,636	749,009	676,034		340,611
Special Projects	1,898,068	1,097,308	815,553	35,000	2,214,823
United States	6,807,287	9,530,670	8,520,831	(269,239)	7,547,887
	24,932,335	35,254,372	31,283,943	207,453	29,110,217
Sub-Total	61,777,700	96,222,321	94,436,812	(290,402)	63,272,807

Schedule 2 **Changes to Research and Special Fund** *(Page 2)*

	Balance March 31, 2005	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2006*
Special Funds:					
Government of Canada:					
Health Canada	$ 519,127	$ 2,418,811	$ 2,334,531	$ (221,835)	$ 381,572
Miscellaneous	181,366	807,136	663,875	8,532	333,159
	700,493	3,225,947	2,998,406	(213,303)	714,731
Province of Manitoba:					
Health	2,450,602	8,978,529	8,846,361		2,582,770
Miscellaneous	117,438	108,042	206,356	(9,919)	9,205
	2,568,040	9,086,571	9,052,717	(9,919)	2,591,975
Business and Industry	94,161	144,132	170,733		67,560
Foundations, Associations, etc.	2,610,932	6,702,929	5,827,148	(884,922)	2,601,791
Individuals	951,061	653,296	750,647	53,787	907,497
Special Projects	1,540,212	1,808,131	1,074,283	28,822	2,302,882
	5,196,366	9,308,488	7,822,811	(802,313)	5,879,730
Sub-Total	8,464,899	21,621,006	19,873,934	(1,025,535)	9,186,436
Total Research and Special Funds	70,242,599	117,843,327	114,310,746	(1,315,937)	72,459,243
Less Capitalized Items			(5,828,965)	(5,828,965)	
		$ 117,843,327	$ 108,481,781	$ (7,144,902)	
Balance End of Year	$ 70,242,599				$ 72,459,243

Schedule 3 **Changes to Capital Asset Fund**

	March 31, 2006	*March 31, 2005*
Revenue:		
Canada Foundation for Innovation	$ 1,646,965	$ 10,594,541
Contributions and Donations	10,807,082	9,698,913
Council on Post-Secondary Education	16,055,065	18,124,500
Investment Income	1,129,370	235,199
Other Province of Manitoba	608,280	
Manitoba Research Innovation Fund	4,804,251	9,256,328
Western Economic Diversification	4,328,205	5,941,303
	39,379,218	53,850,784
Expense:		
Amortization of Capital Assets	33,436,791	30,346,711
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations	5,925,260	2,344,378
	39,362,051	32,691,089
Inter-Fund Transfers	38,297,194	34,235,089
Net Change in the Year	38,314,361	55,394,784
Balance Beginning of the Year	436,220,456	380,825,672
Balance End of the Year	$ 474,534,817	$ 436,220,456

Schedule 4 **Changes to Specific Provisions Fund**

	Balance March 31, 2005	*Additions*	*Deductions*	*Balance March 31, 2006*
Administrative Systems Renewal	$ 12,512,882	$	$ 6,900,000	$ 5,612,882
Ancillary Furniture and Equipment Replacement	2,303,871	580,307	586,424	2,297,754
Campus Development Initiative	3,045,215		3,045,215	
Computer Equipment Replacement	3,215,456	1,197,945	2,011,944	2,401,457
Externally Funded Initiatives	16,404,895	794,730	477,642	16,721,983
Fiscal Stabilization	4,856,062	1,040,225	1,130,000	4,766,287
Parking Lot Improvements	2,656,046	1,890,894	826,173	3,720,767
Physical Education Equipment Replacement	76,012	8,502	32,000	52,514
Special Funding Arrangements	2,850,254	1,544,593	767,733	3,627,114
Special Projects & Initiatives	1,779,164	4,062,840	180,000	5,662,004
Vehicle and Other Equipment Replacement	462,692	175,621		638,313
Workers' Compensation Self Insurance	250,000			250,000
		$ 11,295,657	$ 15,957,131	
Balance End of Year	$ 50,412,549			$ 45,751,075

Schedule 5 **Changes to Staff Benefits Fund**

	Pension Reserve	*Self-Insured Plans*	*Benefit Reserve*	*March 31, 2006*	*March 31, 2005*
Revenue:					
Investment Income	$ 492,037	$ 1,127,731	$ 548,151	$ 2,167,919	$ 1,415,934
Contributions		1,111,396		1,111,396	1,049,037
Experience Credits		152,601	1,425,024	1,577,625	1,292,768
	492,037	2,391,728	1,973,175	4,856,940	3,757,739
Expense:					
Indemnity Payments	62,491	1,933,538		1,996,029	1,864,620
Management and Administrative Services Fees	27,131	305,135	75,358	407,624	308,072
	89,622	2,238,673	75,358	2,403,653	2,172,692
Net Revenue	402,415	153,055	1,897,817	2,453,287	1,585,047
Inter-Fund Transfers	150,546	684,144	(1,791,282)	(956,592)	(1,686,144)
Balance Beginning of the Year	3,886,782	6,089,907	5,803,891	15,780,580	15,881,677
Balance End of the Year	$ 4,439,743	$ 6,927,106	$ 5,910,426	$ 17,277,275	$ 15,780,580

Schedule 6 **Revenue and Expense, Ancillary Services**

	Bookstore, Pharmacy, Post Office	*Parking*	*Residences*	*March 31, 2006*	*March 31, 2005*
Revenue	$ 20,178,452	$ 4,904,766	$ 4,482,832	$ 29,566,050	$ 29,020,665
Expense:					
Salaries	2,600,354	527,737	1,430,256	4,558,347	4,443,361
Staff Benefits	402,006	90,833	234,422	727,261	685,381
Payroll Tax Levy	56,691	11,561	34,570	102,322	98,800
Cost of Goods Sold	15,637,207			15,637,207	15,349,266
Equipment, Alterations, etc.	83,139	90,650	331,291	505,080	486,467
Utilities	42,988	272,147	976,614	1,291,749	1,160,087
Supplies and Expense	734,615	1,593,108	663,613	2,991,336	2,704,140
	19,557,000	2,586,036	3,670,766	25,813,802	24,927,502
Net Revenue	621,452	2,318,730	812,066	3,752,248	4,093,163
Inter-Fund Transfers	(621,452)	(2,318,730)	(812,066)	(3,752,248)	(4,093,163)
Net Income	$	$	$	$	$

Schedule 7 **Net Operating Expenditures** *(Page 1)*

	Salaries and Wages				
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Academic Faculties, Colleges & Units					
Agricultural and Food Sciences	$ 6,648,948	$ 406,973	$ 3,154,556	$ 1,479,236	$ 219,396
Architecture	3,288,792	171,100	823,929	589,657	92,372
Arts	21,463,662	1,031,339	3,015,258	3,368,022	548,041
Clayton H. Riddell Faculty of Environment, Earth, and Resources	3,870,578	218,454	1,233,926	705,242	113,429
Colleges	504,946	470	543,371	157,679	22,791
Dentistry	5,313,180	65,748	3,381,386	1,194,202	189,558
Education	4,642,770	420,344	1,094,309	804,162	131,912
Engineering	6,563,557	797,851	2,578,307	1,312,185	210,295
Extended Education	5,090,606	991,474	3,154,303	1,224,684	199,130
Graduate Studies	113,250	47,733	543,175	104,686	14,329
Human Ecology	2,189,782	113,423	520,198	382,589	60,432
Law	2,745,570	23,824	562,329	414,065	71,955
I. H. Asper School of Business	6,596,446	497,316	1,809,407	1,121,452	190,439
Medicine	19,042,392	1,476,860	5,776,134	4,040,669	578,121
Music	2,171,833	177,295	268,413	338,089	56,401
Nursing	3,260,829	2,284,633	1,123,720	968,588	146,258
Pharmacy	1,676,022	41,191	308,361	275,653	43,769
Physical Education and Recreation Studies	1,773,923	110,451	338,725	293,681	48,396
School of Art	1,760,536	21,735	352,205	293,037	45,812
Science	15,372,271	1,335,703	3,589,920	2,645,421	428,814
Social Work	3,448,542	113,182	804,405	591,533	94,264
University 1	308,525	95,626	519,145	136,017	19,955
	117,846,960	10,442,725	35,495,482	22,440,549	3,525,869
Less Capitalized Items					
	117,846,960	10,442,725	35,495,482	22,440,549	3,525,869
Libraries					
Agriculture Library	70,280		55,438	18,543	2,725
Architecture and Fine Arts Library	250,060		323,976	90,421	12,407
Dental Library					
Education Library	59,622		96,984	25,513	3,404
Elizabeth Dafoe Library	2,475,779		3,382,790	905,570	127,444
Engineering Library	87,562		101,589	29,281	4,105
Law Library	235,977		262,943	73,965	10,829
Management Library	204,706		203,806	54,031	8,858
Medical Library	1,011,723		1,136,978	340,198	46,674
Music Library					
Science Library	371,998		329,474	104,416	15,212
St. John's College Library	39,137		87,487	20,167	2,759
St. Paul's College Library	44,520		101,880	22,564	3,203
	4,851,364		6,083,345	1,684,669	237,620
Less:					
Capitalized Items					
Books & Periodicals Expensed					
	4,851,364		6,083,345	1,684,669	237,620

Supplies and Expenses	Equipment Alter.,Etc.	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2006	Deduct Sales of Goods & Services	Net Expenditure March 31, 2006	Net Expenditure March 31, 2005
$ 996,325	$ 646,753	$ 13,552,187	$ 71,498	$ 13,480,689	$ 859,334	$ 12,621,355	$ 11,854,604
516,739	157,598	5,640,187		5,640,187	63,921	5,576,266	5,132,453
1,510,788	678,947	31,616,057		31,616,057	100,230	31,515,827	30,215,387
547,094	191,461	6,880,184	104,147	6,776,037	83,434	6,692,603	6,183,457
153,390	90,334	1,472,981	40,588	1,432,393	23,761	1,408,632	1,388,860
3,015,498	505,396	13,664,968		13,664,968	4,162,379	9,502,589	9,219,679
543,342	183,779	7,820,618	21,974	7,798,644	19,235	7,779,409	7,616,817
935,970	595,350	12,993,515	236,310	12,757,205	165,805	12,591,400	11,852,710
3,158,012	478,238	14,296,447	75,706	14,220,741	167,756	14,052,985	14,510,913
1,095,118	60,511	1,978,802		1,978,802	38,947	1,939,855	910,388
233,110	82,326	3,581,860	1,386	3,580,474	94,098	3,486,376	3,226,031
650,295	84,365	4,552,403	9,000	4,543,403	49,467	4,493,936	3,926,403
1,196,526	275,385	11,686,971	159,499	11,527,472	50,068	11,477,404	11,214,742
7,098,232	1,700,365	39,712,773	1,125,134	38,587,639	1,334,176	37,253,463	33,390,106
768,534	54,573	3,835,138		3,835,138	110,774	3,724,364	3,981,424
594,083	369,659	8,747,770	149,008	8,598,762	46,354	8,552,408	8,838,444
185,529	45,882	2,576,407		2,576,407		2,576,407	2,512,446
133,050	377,864	3,076,090		3,076,090	31,478	3,044,612	2,936,845
197,847	55,013	2,726,185	2,430	2,723,755	31,955	2,691,800	2,533,734
1,711,289	1,053,873	26,137,291	448,443	25,688,848	323,429	25,365,419	24,973,922
521,253	266,762	5,839,941	116,725	5,723,216	73,309	5,649,907	5,417,838
158,114	93,389	1,330,771	4,225	1,326,546	9,235	1,317,311	981,041
25,920,138	8,047,823	223,719,546	2,566,073	221,153,473	7,839,145	213,314,328	202,818,244
	(7,358,240)	(7,358,240)		(7,358,240)		(7,358,240)	(5,769,537)
25,920,138	689,583	216,361,306	2,566,073	213,795,233	7,839,145	205,956,088	197,048,707
59,395	40	206,421		206,421		206,421	188,321
123,042	795	800,701		800,701		800,701	824,473
3,634		3,634		3,634		3,634	1,422
95,425	146	281,094		281,094		281,094	235,513
6,006,611	509,463	13,407,657	4,148	13,403,509	427,501	12,976,008	12,440,557
253,067	303	475,907		475,907		475,907	440,643
759,600	1,528	1,344,842	483	1,344,359	3,616	1,340,743	1,264,708
182,605		654,006		654,006		654,006	619,540
1,068,896	39,563	3,644,032	1,808	3,642,224	86,687	3,555,537	3,198,422
40,013		40,013		40,013		40,013	27,121
449,401	1,338	1,271,839		1,271,839		1,271,839	1,183,240
53,720		203,270		203,270		203,270	185,760
77,906	4,794	254,867		254,867		254,867	241,293
9,173,315	557,970	22,588,283	6,439	22,581,844	517,804	22,064,040	20,851,013
	(420,361)	(420,361)		(420,361)		(420,361)	(285,507)
(7,955,789)		(7,955,789)		(7,955,789)		(7,955,789)	(7,645,486)
1,217,526	137,609	14,212,133	6,439	14,205,694	517,804	13,687,890	12,920,020

Schedule 7 **Net Operating Expenditures** *(Page 2)*

	Salaries and Wages				
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Student Affairs					
Aboriginal Student Centre	$	$	$ 187,460	26,945	$ 4,035
Alumni Association			75,831	11,745	1,665
Chaplain's Office					
Convocation			74,854	10,214	1,624
English Language Center	344,431	456,477	162,823	134,802	20,753
Enrolment Services			1,079,547	170,474	23,531
Financial Aid and Awards		11,000	207,145	31,334	4,501
Housing and Student Life			39,771	6,445	888
International Centre for Students		3,110	380,394	56,894	8,350
Parent's Programs					
Playcare Centre			114,255	16,831	2,565
Recreation and Athletics	779,242	907,282	2,031,003	479,796	80,642
Registrar's Office			1,229,022	193,495	26,895
Special Programming		312,001	1,204,219	203,924	31,080
Student Counseling & Career Centre	501,786	51,921	151,501	101,412	15,221
U.M.S.U. Special Projects					
University Health Services			535,730	75,328	11,738
	1,625,459	1,741,791	7,473,555	1,519,639	233,488
Less Capitalized Items					
	1,625,459	1,741,791	7,473,555	1,519,639	233,488
Administration					
Audit Services			234,735	35,400	5,151
Development & Advancement Services			1,528,488	236,673	33,313
Financial Services			3,912,101	595,705	85,400
Government Relations	18,370		146,556	22,716	3,598
Human Resources			3,120,681	429,234	67,156
Institutional Analysis			450,360	67,858	9,869
International Relations	3,750		154,924	26,967	3,464
Legal Services			219,366	29,447	4,787
Office Machine Services					
Ombudsman			77,225	12,824	1,694
President's Office	1,329,249	31,078	3,284,132	628,706	101,129
Public Affairs			520,450	65,693	9,586
Staff Benefits Office			612,408	97,850	13,407
Treasury Services			169,566	23,320	3,716
Universty Accessibility			136,134	18,582	2,737
University Centre Management			479,778	69,771	10,392
University Secretariat			340,495	48,576	6,959
Visitor's Centre			26,081	2,798	565
	1,351,369	31,078	15,413,480	2,412,120	362,923
Less Capitalized Items					
	1,351,369	31,078	15,413,480	2,412,120	362,923
Physical Maintenance					
Insurance					
Physical Plant	(804)		13,959,563	2,361,003	305,501
Security	45		1,550,048	230,107	32,853
Utilities:					
Carman/Glenlea					
Fuel-Fort Garry					
Fuel-Bannatyne					
Light, Power and Water					
Telephone					
Vehicle Fleet					
Waste Management			52,987	8,340	1,159
Workers' Compensation			11,789	1,373	234
	(759)		15,574,387	2,600,823	339,747
Less Capitalized Items					
	(759)		15,574,387	2,600,823	339,747

Supplies and Expenses	Equipment Alter.,Etc.	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2006	Deduct Sales of Goods & Services	Net Expenditure March 31, 2006	Net Expenditure March 31, 2005
$ 60,060	$ 7,436	$ 285,936	$	$ 285,936	$	$ 285,936	$ 268,053
539,204		628,445		628,445		628,445	601,420
2,171		2,171		2,171		2,171	3,381
152,193	66,333	305,218		305,218		305,218	263,979
409,677	100,647	1,629,610	2,360	1,627,250	302,026	1,325,224	1,285,664
226,069	80,929	1,580,550		1,580,550		1,580,550	1,556,629
158,431	4,863	417,274		417,274		417,274	330,986
14,852		61,956		61,956		61,956	142,005
68,279	11,815	528,842		528,842	14,591	514,251	361,526
20,326		20,326		20,326		20,326	19,831
8,825	15,792	158,268		158,268	30,540	127,728	112,734
1,487,932	260,990	6,026,887	38,909	5,987,978	4,307,293	1,680,685	1,630,694
327,309	27,738	1,804,459	46,872	1,757,587		1,757,587	1,561,887
391,490	27,791	2,170,505	710	2,169,795	88,653	2,081,142	1,687,913
48,611	4,253	874,705		874,705	10,147	864,558	890,634
9,000		9,000		9,000		9,000	9,000
67,142	14,379	704,317		704,317	450,496	253,821	301,238
3,991,571	622,966	17,208,469	88,851	17,119,618	5,203,746	11,915,872	11,027,574
	(212,131)	(212,131)		(212,131)		(212,131)	(359,241)
3,991,571	410,835	16,996,338	88,851	16,907,487	5,203,746	11,703,741	10,668,333
24,450	7,121	306,857		306,857		306,857	245,948
421,653	886	2,221,013		2,221,013		2,221,013	1,488,542
218,182	84,672	4,896,060	15,516	4,880,544	15,996	4,864,548	4,137,370
25,659	378	217,277		217,277		217,277	205,789
742,510	144,985	4,504,566	312,843	4,191,723	12,286	4,179,437	3,580,900
28,828	661	557,576		557,576		557,576	527,661
138,179	5,246	332,530		332,530		332,530	268,976
349,637	5,598	608,835		608,835		608,835	690,902
752	1,933	2,685		2,685		2,685	(11,542)
6,729	26	98,498		98,498		98,498	86,653
1,001,313	408,776	6,784,383	225,716	6,558,667	35,915	6,522,752	6,242,024
683,741	3,090	1,282,560	199,420	1,083,140	1,349	1,081,791	997,124
149,577	14,316	887,558		887,558	497,011	390,547	446,175
14,417	464	211,483		211,483		211,483	197,674
23,833	1,806	183,092		183,092		183,092	182,016
391,199	69,827	1,020,967		1,020,967	677,647	343,320	304,085
64,340	20,773	481,143		481,143		481,143	462,795
		29,444		29,444		29,444	31,355
4,284,999	770,558	24,626,527	753,495	23,873,032	1,240,204	22,632,828	20,084,447
	(496,833)	(496,833)		(496,833)		(496,833)	(405,699)
4,284,999	273,725	24,129,694	753,495	23,376,199	1,240,204	22,135,995	19,678,748
1,576,986	10,296	1,587,282		1,587,282		1,587,282	1,590,873
1,346,307	7,243,075	25,214,645	4,028,304	21,186,341	495,301	20,691,040	19,664,756
96,303	83,707	1,994,063	748,377	1,245,686	2,569	1,243,117	1,153,274
133,214		133,214		133,214		133,214	113,035
5,892,174		5,892,174	796,108	5,096,066	1,094,105	4,001,961	3,921,846
1,877,450	144,072	2,021,522	188,311	1,833,211	31,746	1,801,465	1,771,576
5,467,325		5,467,325	625,562	4,841,763	425,748	4,416,015	3,819,373
1,317,621		1,317,621		1,317,621		1,317,621	1,426,174
4,375	36,962	41,337	77,468	(36,131)	1,010	(37,141)	(43,825)
9,457	16,496	88,439		88,439	86,694	1,745	(16,709)
658,989		672,385		672,385	110,428	561,957	427,150
18,380,201	7,534,608	44,430,007	6,464,130	37,965,877	2,247,601	35,718,276	33,827,523
	(3,286,417)	(3,286,417)		(3,286,417)		(3,286,417)	(3,653,201)
18,380,201	4,248,191	41,143,590	6,464,130	34,679,460	2,247,601	32,431,859	30,174,322

Schedule 7 **Net Operating Expenditures** *(Page 3)*

	Salaries and Wages				
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Other Academic Support					
Information Services and Technology	$	$	$ 8,378,075	$ 1,290,640	$ 183,576
Institutes, Centres and Specialized Academic Units	82,813	137,699	908,035	160,616	23,347
Research Development	5,834	109,620	256,870	45,975	7,055
Staff Development Program	12,881	2,007	49,634	358	22
	101,528	249,326	9,592,614	1,497,589	214,000
Less Capitalized Items					
	101,528	249,326	9,592,614	1,497,589	214,000
General Expenditure					
Access Copyright Licence Fees					
Audit Fees/Memberships					
Bad Debts					
Campus Beautification					
Campus Planning Group					
Change in Vacation Pay Liability					
Employee Assistance Plan					
Exchange and Bank Charges					
Executive Searches					
Handicapped Transport					
Miscellaneous					
Outreach Programs		7,005	4,247	826	242
R.G. and E.M. Knight Distinguished Visitors Program					
Retiring Allowances					
Rentals					
Shuttle Bus					
Supplementary Health and Dental				1,507,505	
Supplementary Pensions				871,200	
United Way					
Transfers to Other Institutions					
		7,005	4,247	2,379,531	242
Less Capitalized Items					
		7,005	4,247	2,379,531	242
Total of Operating Expenses	$ 125,775,921	$ 12,471,925	$ 89,637,110	$ 34,534,920	$ 4,913,889
Less Total Capitalized Items					
Total Operating Net of Capitalized Items	$ 125,775,921	$ 12,471,925	$ 89,637,110	$ 34,534,920	$ 4,913,889

Supplies and Expenses	Equipment Alter.,Etc.	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2006	Deduct Sales of Goods & Services	Net Expenditure March 31, 2006	Net Expenditure March 31, 2005
$ 1,008,303	$ 6,218,989	$ 17,079,583	$ 3,417,163	$ 13,662,420	$ 386,906	$ 13,275,514	$ 12,511,785
1,153,820	52,559	2,518,889	194,697	2,324,192	1,186,338	1,137,854	1,006,749
1,505,130	181,218	2,111,702		2,111,702	2,728,501	(616,799)	258,663
188,931	6,059	259,892		259,892		259,892	276,190
3,856,184	6,458,825	21,970,066	3,611,860	18,358,206	4,301,745	14,056,461	14,053,387
	(1,764,926)	(1,764,926)		(1,764,926)		(1,764,926)	(2,321,872)
3,856,184	4,693,899	20,205,140	3,611,860	16,593,280	4,301,745	12,291,535	11,731,515
43,512	58,952	102,464		102,464		102,464	222,280
259,705		259,705		259,705		259,705	340,240
528		528		528		528	84,388
3,435		3,435		3,435		3,435	2,033
							14,750
754,479		754,479		754,479		754,479	808,898
225,309		225,309		225,309		225,309	205,875
(139,704)		(139,704)		(139,704)		(139,704)	495,745
3,625		3,625		3,625		3,625	
40	2,815	2,855		2,855		2,855	2,966
159,960		159,960		159,960		159,960	144,732
7,905	2,962	23,187		23,187		23,187	24,187
24,148		24,148		24,148		24,148	30,369
					1,689	(1,689)	(2,106)
					2,825	(2,825)	(2,485)
211,516	1,171	212,687		212,687		212,687	209,690
		1,507,505		1,507,505		1,507,505	1,546,593
		871,200		871,200	435,309	435,891	460,341
5,718	51	5,769		5,769		5,769	5,514
541,081		541,081		541,081		541,081	537,113
2,101,257	65,951	4,558,233		4,558,233	439,823	4,118,410	5,131,123
	(3,870)	(3,870)		(3,870)		(3,870)	(12,849)
2,101,257	62,081	4,554,363		4,554,363	439,823	4,114,540	5,118,274
$ 67,707,665	$ 24,058,701	$ 359,101,131	$ 13,490,848	$ 345,610,283	$ 21,790,068	$ 323,820,215	$ 307,793,311
(7,955,789)	(13,542,778)	(21,498,567)		(21,498,567)		(21,498,567)	(20,453,392)
$ 59,751,876	$ 10,515,923	$ 337,602,564	$ 13,490,848	$ 324,111,716	$ 21,790,068	$ 302,321,648	$ 287,339,919

Schedule 8 **Research & Special Fund Expenditures**

	Salaries and Wages				
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Academic Faculties, Colleges & Units					
Agricultural and Food Sciences	$ 177,864	$ 2,963,660	$ 1,162,891	$ 328,249	$ 56,920
Architecture		42,872		2,261	731
Arts	78,440	778,700	158,980	63,916	15,262
Clayton H. Riddell Faculty of Environment, Earth, and Resources	75,562	1,282,378	176,712	52,589	10,489
Colleges		15,956	12,839	1,192	281
Dentistry	97,139	122,100	76,970	21,126	4,062
Education	45,566	149,874	47,832	16,898	4,790
Engineering	780,468	3,048,324	551,990	208,133	40,384
Extended Education	59,526	12,123	245,578	25,933	4,142
Graduate Studies		3,186,888		38	14
Human Ecology	23,811	321,541	138,004	37,882	7,203
Law	6,000	85,813	3,000	6,448	1,870
I. H. Asper School of Business	14,633	171,997	133,932	28,322	5,425
Medicine	3,044,199	11,205,102	11,271,885	2,586,531	417,935
Music		3,340	1,080	319	107
Nursing	383,301	157,651	113,131	47,702	9,024
Pharmacy	246,487	469,576	233,015	79,690	13,116
Physical Education and Recreation Studies	218,921	523,856	68,458	66,293	12,921
School of Art	1,000	6,605	3,522	468	177
Science	271,308	2,925,737	458,452	208,729	38,111
Social Work	147,507	79,990	122,615	26,520	5,075
	5,671,732	27,554,083	14,980,886	3,809,239	648,039
Less Capitalized Items					
	5,671,732	27,554,083	14,980,886	3,809,239	648,039
Libraries	16,411		24,718	3,119	865
Less Capitalized Items					
Less Books and Periodicals Expensed					
	16,411		24,718	3,119	865
Student Affairs		530,241	838	241	76
Less Capitalized Items					
		530,241	838	241	76
Administration	69,769	45,781	163,320	20,195	3,139
Less Capitalized Items					
	69,769	45,781	163,320	20,195	3,139
Physical Maintenance					
Less Capitalized Items					
General			2,573		
Less Capitalized Items					
			2,573		
Other Academic Support					
Institutes, Centres and Specialized Academic Units		178,888	136,220	26,147	5,887
Research Development					
		178,888	136,220	26,147	5,887
Less Capitalized Items					
		178,888	136,220	26,147	5,887
Total of Research and Special Fund Expenses	$ 5,757,912	$ 28,308,993	$ 15,308,555	$ 3,858,941	$ 658,006
Less Capitalized Items					
Total of Research and Special Fund Expenses Net of Capitalized Items	$ 5,757,912	$ 28,308,993	$ 15,308,555	$ 3,858,941	$ 658,006

Supplies and Expenses	*Equipment Alter.,Etc.*	*March 31, 2006 Gross Expenditure*	*March 31, 2005 Gross Expenditure*
$ 2,091,825	$ 1,950,673	$ 8,732,082	$ 7,415,142
58,134	9,271	113,269	129,319
1,647,745	198,597	2,941,640	2,463,332
1,168,384	584,253	3,350,367	2,138,775
6,078		36,346	38,482
232,754	42,937	597,088	499,268
490,332	33,982	789,274	602,857
4,188,730	1,477,475	10,295,504	9,791,119
223,357	28,446	599,105	524,306
		3,186,940	2,917,195
655,335	168,672	1,352,448	1,215,400
16,227	3,091	122,449	128,134
679,020	49,186	1,082,515	1,032,401
34,166,488	1,818,595	64,510,735	61,126,114
7,500	600	12,946	6,039
219,096	95,746	1,025,651	734,446
390,877	101,283	1,534,044	1,071,188
548,045	181,022	1,619,516	1,320,587
26,994	1,269	40,035	36,993
2,416,364	984,475	7,303,176	8,247,015
373,507	86,886	842,100	781,772
49,606,792	7,816,459	110,087,230	102,219,884
	(5,816,811)	(5,816,811)	(3,738,371)
49,606,792	1,999,648	104,270,419	98,481,513
77,022	11,136	133,271	107,389
	(7,080)	(7,080)	(4,602)
77,022	4,056	126,191	102,787
178,666	4,418	714,480	867,448
178,666	4,418	714,480	867,448
1,600,991	626,761	2,529,956	2,083,613
	(3,363)	(3,363)	(43,117)
1,600,991	623,398	2,526,593	2,040,496
7,452		7,452	(2,012)
7,452		7,452	(2,012)
(10,113)		(7,540)	(4,206)
(10,113)		(7,540)	(4,206)
318,226	2,529	667,897	703,746
178,000		178,000	118,000
496,226	2,529	845,897	821,746
	(1,711)	(1,711)	(7,074)
496,226	818	844,186	814,672
$ 51,957,036	$ 8,461,303	$ 114,310,746	$ 106,093,862
	(5,828,965)	(5,828,965)	(3,793,164)
$ 51,957,036	$ 2,632,338	$ 108,481,781	$ 102,300,698